

Exhibit G

Condensed Deposition of
KATHY OBENSHAIN

Date: March 16, 2006

Case: HUE v. NCO FINANCIAL SYSTEMS

No.: 05-225-KAJ

Volume: I

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Page 33

1 A They called it -- it's called outsourcing. I
2 don't exactly know how it works. I mean, specific
3 clients, from my understanding -- and that I was not
4 directly involved in it -- would outsource their
5 receivables to them to handle on a first-party basis.
6 Q Who would outsource this business --
7 A I don't know who they are, because I was not
8 involved in it. It's my understanding that is the
9 additional business that they conduct.
10 Q Did they have that business when you were
11 there?
12 A Did they have the business when I was there;
13 well, it was not part of my division, so it was not under
14 my purview, so, therefore, I don't know the details.
15 Q Do you know approximately how many employees
16 NCO had when you were there?
17 A Do I know how many employees NCO had; not
18 really.
19 Q I don't want an exact number, obviously, but
20 was it 100, 1,000, 10,000?
21 A No; 100,000, no, I don't think so; maybe 3 to
22 4,000. I could be wrong.
23 Q Okay.
24 A Probably am wrong, because I just don't know.
25 Q Do you know how many employees there were in

Page 34

1 the commercial collection division?
2 A How many employees were in the commercial
3 collection division --
4 Q And I'm talking about in January 2004.
5 A Are you talking altogether, both collectors
6 and salespeople?
7 Q Yes.
8 A And admins and et cetera, geez, 3 to 400,
9 somewhere in that range.
10 Q How many different cities were -- did the
11 commercial collection division operate in January of 2004?
12 A In January 2004, you want to know how many
13 different cities we operated in, the commercial division.
14 We had an office in Portland. We had an
15 office in Tucson, Arizona. We had an office in Metairie,
16 Louisiana, an office in Atlanta, Georgia; an office in
17 Tampa; an office in Dover, Delaware; and an office in
18 Baltimore.
19 Q Is that Portland, Maine or Portland, Oregon?
20 A Oregon.
21 Let me -- you are talking about strictly
22 collections?
23 Q Right.
24 A Okay.
25 Q Did NCO --

Page 35

1 MR. ISRAEL: He was asking strictly
2 commercial?
3 A Yeah.
4 BY MR. HOMER:
5 Q Right. Yeah. Were there other offices that
6 NCO had that weren't for commercial collections?
7 A Were there other offices that NCO had that
8 were not for commercial collections; as far as I know,
9 yes.
10 Q How many of those were there?
11 A I -- you are asking me if I know how many
12 there were that NCO had?
13 Q Yes, if you know.
14 A I don't know.
15 Q Could you describe for me what your job
16 duties were when you were the vice president of the
17 collections division in --
18 A What my responsibilities were, what my job
19 duties were?
20 Q Right.
21 A My primary responsibility, or my job duties
22 at NCO as the -- in that position were to manage the
23 collections staff for the division under the guise of my
24 immediate boss, who was Phil Weaver, under his direction.
25 Q How long was Phil Weaver your boss?

Page 36

1 A In what capacity? I mean, he was -- are you
2 asking me in this position or --
3 Q Yeah. While --
4 A When I was in this position?
5 Q While you were the vice president of the
6 collection division, how long was Phil Weaver your boss at
7 that time?
8 A How long was Phil Weaver my boss; almost the
9 entire time, save for a month or two.
10 Q Was Ted Fox -- did Ted Fox succeed Phil
11 Weaver as your boss?
12 A Did Ted Fox succeed; yes.
13 Q When did he do that?
14 A When did Ted Fox succeed Phil; that was in
15 December of 2003.
16 Q What was Ted Fox's position before he became
17 your boss?
18 A Ted Fox's position before he became my boss;
19 Ted Fox was my counterpart, responsible for the sales side
20 of the business.
21 Q What was his title when he became your boss?
22 A When he came my boss, what was Ted's title?
23 Q If you remember.
24 A Senior vice president of operations for the
25 commercial division, something in that.

9 (Pages 33 to 36)

Page 37	Page 39
<p>1 Q How frequently did you have interaction with 2 Mr. Fox when he became — after he became your boss? 3 A How frequently did I have interaction with 4 Ted Fox when he became my boss; daily. His office was 5 directly next to mine. 6 Q Do you know who Cherie Sugg is? 7 A Do I know who Cherie Sugg is; yes. 8 Q Who is she? 9 A I don't know — who is she? I don't know 10 what her current title is, but she was in human resources. 11 Q Was she the head of human resources for NCO 12 while you were there? 13 A Was she the head of human resources; I 14 believe she answered to — and I can't remember his name. 15 I don't remember the name of the person that she answered 16 to, but I presume — I just can't remember his name. I 17 don't remember his name. 18 Q Did you have interaction with Cherie Sugg 19 when you worked with NCO? And by that I mean interaction 20 with respect to performing your job duties. 21 A Did I have interaction with her? 22 Q Not about personal interaction, but something 23 to do with business. 24 A Did I have interaction with her having to do 25 with business; yes.</p>	<p>1 manager? 2 A General collection manager, correct. 3 Q That's the position that Valerie Hue held? 4 A That's the position that Valerie Hue held; 5 yes. 6 Q So she would report both to Mike Scher and 7 you — 8 A Report to both of us, yes, uh-huh. 9 Q Did you visit the Dover office? 10 A Did I visit the Dover office; yes. 11 Q How often did you do that? 12 A How often did I do that. 13 Q And right now I'm talking strictly about when 14 you were the vice president of the collections division. 15 A When I was vice president of the collections 16 division, as I recall, I was in the Dover office probably 17 once a quarter. 18 Q Is that approximately once a quarter, or did 19 you actually every quarter make a point of visiting every 20 quarter? 21 A You are asking if I made a scheduled 22 appointment to go there every quarter; my answer would be 23 no. I'm giving you an approximation. 24 Q Okay. 25 A My travel schedule was not planned out in</p>
Page 38	Page 40
<p>1 Q Can you describe what the nature of that was. 2 A What would the nature of that interaction be; 3 at any time if we had any concerns or questions about 4 human resource issues, we were certainly able to pick up 5 the phone and ask for her direction and guidance. 6 Q Do you know who Mike Scher is? 7 A Do I know who Mike Scher is; yes. 8 Q Was he the general manager of the Dover 9 office while you were at NCO? 10 A Was he the general manager of the Dover 11 office; yes, he was. 12 Q Do you know what his job duties were as 13 general manager of the Dover office? 14 A Do I know what his job duties were as general 15 manager; well, he was certainly responsible for the sales 16 production in that office and the daily operations in that 17 particular branch. 18 Q That would include the collection — 19 commercial collections? 20 A That would include the commercial 22 Q Yes. 23 A To a degree. The individual GCM also 24 reported directly to me. 25 Q So the GCM, that's the general collection</p>	<p>1 that regard. 2 Q But you averaged maybe a visit every quarter? 3 A I would say yes. I would say I averaged 4 about a visit every quarter. 5 Q How many people worked in that office in the 6 collections division? 7 A How many people worked in that office in the 8 collection division; maybe — I would say probably 20; 25, 9 max. 10 Q I take it you knew each of those individuals? 11 A Did I know each of the individuals; yes. 12 Q I take it they knew you? 13 A You are asking me if they knew me? 14 Q Yes. 15 A Who I was, recognized me? 16 Q Yes. 17 A Yes. 18 Q You had meetings with them from time to 19 time — 20 A Did I have meetings with them when I was 22 Q Yes. 23 A Training meetings or just in general? 24 Q Any kind of meetings. 25 A Yes.</p>

Page 41

1 Q Would you generally have a meeting every time
2 you visited?
3 A Would I have a meeting every time I visited;
4 yes.
5 Q Did you have any policy about any employee
6 being able to come to you and tell you anything that they
7 wanted to about anything that was going on at the office?
8 A Did I have a policy about anybody being able
9 to come to me and tell me anything that was going on at
10 the office?
11 Q Some people refer to that as an open-door
12 policy.
13 A Yes.
14 Q Did that you have policy?
15 A Yes, I had that policy.
16 Q Did the employees know it?
17 A Did the employees know it?
18 MR. ISRAEL: Did the employees know it; you
19 can answer that.
20 BY MR. HOMER:
21 Q The people that worked for you in the
22 commercial division.
23 A Yes.
24 Q Prior to January of 2004, did any employee at
25 the Dover office come to you to tell you anything about

Page 42

1 something that Valerie Hue may have done wrong?
2 A Did any --
3 MR. ISRAEL: I'm sorry, I didn't --
4 BY MR. HOMER:
5 Q Did anybody come to you -- any employee of
6 the Dover office come to you, prior to January 2004, to
7 tell you that -- or inform you in some way that Valerie
8 Hue was doing something that was improper?
9 A Did anybody come to me specifically telling
10 me that Valerie Hue was doing anything improper; no.
11 Q Other than your visits to the Dover office,
12 did you communicate with the Dover office by other means,
13 for example, email?
14 A Did I communicate with Dover via email; yes.
15 Q And by phone?
16 A Did I communicate with them by phone; yes.
17 Q Did you communicate with Valerie Hue by
18 email?
19 A Did I communicate with Valerie by email; yes.
20 Q How frequently would you send her emails and
21 would she send you emails?
22 A How frequently; whenever necessary. I
23 preferred doing business by phone personally.
24 Q Okay.
25 A I prefer to pick up the phone.

Page 43

1 Q But can you give me an approximation of how
2 many times you would have emailed her or --
3 A Can I give you an approximation --
4 Q Yes.
5 A -- of how many times?
6 Q Yes.
7 A No. Honestly, I can't.
8 Q Would it be in the hundreds or tens or --
9 A During the period of time -- are you asking
10 me for the entire period of time that she worked for me as
11 a GCM?
12 Q Yes.
13 A How many times I emailed her, probably 100.
14 Q Were you involved in the promotion of Valerie
15 Hue at any point in time?
16 A Was I involved in the promotion of Valerie
17 Hue; from -- to the GCM, the general collection manager?
18 Q If you were involved in that. Were you
19 involved in that?
20 A Yes.
21 Q What was your involvement?
22 A What was my involvement in her promotion; I
23 was involved with Phil Weaver in making the decision. I
24 also did the paperwork concerning her promotion.
25 Q Did you make the decision to promote her?

Page 44

1 A Did I make the decision to promote her; Phil
2 and I did that together. We -- that was the general way
3 that we would make decisions about promotions in that
4 division.
5 Q But Phil Weaver had authority over you;
6 correct?
7 A Did Phil Weaver have authority over me; yes.
8 Q Are you saying that you conferred and jointly
9 agreed that she should get a promotion?
10 A Did we confer and jointly agree that she
11 should get a promotion; absolutely.
12 Q Were you familiar with her work before she
13 got the promotion?
14 A Was I familiar with her work; yes.
15 Q Did you believe she was a good employee?
16 A Did I believe she was a good employee; from
17 all that I knew, yes.
18 Q Do you recall disciplining her one time after
19 she got promoted to general collection manager?
20 A Do I recall disciplining her one time
21 concerning -- concerning what?
22 Q Anything.
23 A Do I recall disciplining her in what way?
24 Q Do you recall her doing something that you
25 thought was improper and giving her a written reprimand

11-(Pages 41 to 44)

Page 45	Page 47
<p>1 for it?</p> <p>2 A Did I ever give her a written reprimand for</p> <p>3 something she had done?</p> <p>4 Q Yes.</p> <p>5 A As in that the written reprimands would be</p> <p>6 done by HR.</p> <p>7 Q Would you ever have any involvement in giving</p> <p>8 any discipline to Valerie Hue that you recall?</p> <p>9 A Do I recall any discipline that I was</p> <p>10 involved in; I was involved in discipline that she</p> <p>11 received from human resources.</p> <p>12 Q Can you tell me what that was about.</p> <p>13 A Okay. Specifically, she was accused by other</p> <p>14 employees of having sexual toys that -- in the office,</p> <p>15 which were from a -- from a client that we represented.</p> <p>16 They were returns and -- from the debtors to the office in</p> <p>17 Dover. She was doing something with them</p> <p>18 inappropriately --</p> <p>19 Q Okay.</p> <p>20 A -- that somebody reported to human resources.</p> <p>21 Q Was she written up for that? Do you know?</p> <p>22 A Was she written up for that; yes.</p> <p>23 MR. HOMER: I don't think we've seen that</p> <p>24 document.</p> <p>25 MR. ISRAEL: (Mr. Israel nods head up and</p>	<p>1 a problem with her -- with her work, or anything related</p> <p>2 to her work, while she was a general collection manager,</p> <p>3 other than the events that took place in January 2004?</p> <p>4 A Do I recall of any other previous time that</p> <p>5 she had been written up; is that what you are asking?</p> <p>6 Q Yes, you can put it that way.</p> <p>7 A I believe -- and I -- and I -- that she was</p> <p>8 also written up by HR for improper -- improper handling of</p> <p>9 job description summaries, JDSs, written -- written in her</p> <p>10 manner of handling JDSs, job description summaries, for</p> <p>11 employees.</p> <p>12 Q Anything other than that, the ones you</p> <p>13 mentioned already?</p> <p>14 A Anything else; not that I remember.</p> <p>15 Q From time to time did you become involved in</p> <p>16 the termination of employees that worked under you?</p> <p>17 A From time to time did I become involved in</p> <p>18 the termination concerning employees that worked for me;</p> <p>19 yes.</p> <p>20 Q How many times did that happen while you were</p> <p>21 the vice president of collections --</p> <p>22 A How many times --</p> <p>23 Q The vice president of the collections</p> <p>24 division, yes.</p> <p>25 A How many times; that's going to be very</p>
Page 46	Page 48
<p>1 down.)</p> <p>2 MR. HOMER: We have?</p> <p>3 MR. ISRAEL: You have. I think you have</p> <p>4 it.</p> <p>5 MR. HOMER: All right.</p> <p>6 MR. ISRAEL: But you can ask her. You will</p> <p>7 see why. Just ask Kathy about it.</p> <p>8 A Yeah.</p> <p>9 BY MR. HOMER:</p> <p>10 Q When did that take place?</p> <p>11 A When did that take place?</p> <p>12 Q Was it while she was a general collection</p> <p>13 manager?</p> <p>14 A While she was a general collection manager;</p> <p>15 yes.</p> <p>16 Q What did she receive in the form of</p> <p>17 discipline?</p> <p>18 A What did she receive in the form of</p> <p>19 discipline; it was from Michele Przepasniak, who worked</p> <p>20 for Cherie Sura, and it was a written in discussion</p>	<p>1 difficult to count.</p> <p>2 Q Is it that many? Is it so many that it's</p> <p>3 hard to remember how many there were?</p> <p>4 A Is there so many that it would be hard for me</p> <p>5 to remember how many there were; not so many; it's just a</p> <p>6 question of it's a part of conducting business on a</p> <p>7 monthly basis while in a production environment.</p> <p>8 MR. ISRAEL: Off the record.</p> <p>9 (Thereupon, an off-the-record discussion</p> <p>10 was held.)</p> <p>11 BY MR. HOMER:</p> <p>12 Q Can you give me an approximation of how many</p> <p>13 times in the two-year period you were involved in</p> <p>14 termination an employee?</p> <p>15 A Approximation of how many times I was</p> <p>16 involved in the termination of an employee?</p> <p>17 MR. ISRAEL: This is just as the VP of</p> <p>18 collections or --</p> <p>19 BY MR. HOMER:</p> <p>20 Q Yes as the VP of collections.</p>
<p>22 A I have not seen it --</p> <p>23 Q Okay.</p> <p>24 A -- recently.</p> <p>25 Q Any other occasion you recall that there was</p>	<p>22 A In the VP of collections?</p> <p>23 BY MR. HOMER:</p> <p>24 Q Right.</p> <p>25 A I would say at least three to four times a</p>

Page 49

1 month.
 2 Q Were these mostly people that were terminated
 3 because they couldn't collect enough debt?
 4 A Mostly they were -- you are asking me if they
 5 were terminated because they could not collect enough
 6 debt?
 7 Q Yes, or was it just a broad range of
 8 different reasons?
 9 A Mostly for that reason, but a broad range of
 10 other reasons, of various other reasons having to do with
 11 compliance.
 12 Q Let's go back to December of 2004.
 13 Do you recall that Valerie Hue was terminated
 14 and Matt Lane was terminated during that month?
 15 A Do I remember that they were terminated in
 16 December of 2004?
 17 Q No, January 2004.
 18 A You said December.
 19 Q I'm sorry?
 20 A Do I recall that they were terminated in --
 21 that Matt Lane and Valerie Hue were both terminated in
 22 January?
 23 Q Yes.
 24 A I just want to be sure that Matt was term--
 25 Matt, he may have been terminated right at the end of

Page 50

1 December; but I think probably yes, the first part of
 2 January.
 3 Q Do you recall approximately how many other
 4 people were terminated in that month?
 5 A How many other people were terminated in that
 6 month; in December of 2004?
 7 MR. ISRAEL: In January.
 8 BY MR. HOMER:
 9 Q January 2004.
 10 A In January 2004, do I remember how many
 11 people were terminated during January of 2004; no.
 12 Q How about December of 2003? Would there have
 13 been some in that month? Do you know?
 14 A Were there any in December of 2003; for
 15 various production issues, for compliance, I am sure; I am
 16 sure.
 17 Q All right.
 18 A As one month would end, we would make
 19 decisions.
 20 Q Who was involved in deciding -- making these
 21 decisions about terminating these people? Was it
 22 different at different times, or was it always the same
 23 group of people that got involved with that?
 24 A Who was involved in making decisions
 25 concerning terminations or --

Page 51

1 Q Right.
 2 A -- how -- well, the termination itself had to
 3 follow specific guidelines concerning write-ups,
 4 concerning progression of discipline.
 5 Q I'm sorry, I probably asked you a confusing
 6 question. I didn't phrase it very well.
 7 A Uh-huh.
 8 Q The question was -- you said that there were
 9 a lot of terminations.
 10 A Uh-huh.
 11 Q I'm just trying to get at what process was
 12 used to do it, in terms of who was involved in it
 13 generally. For example, was it always yourself, somebody
 14 from HR, somebody higher up, somebody lower? Who would
 15 generally be involved, or did it vary, depending on who it
 16 was being terminated?
 17 A Who would get involved, or did it vary,
 18 depending on who was being terminated; concerning the
 19 termination, human resources would always be involved to
 20 be certain that all documentation was proper.
 21 Q Okay.
 22 A Okay, I would be involved to make certain
 23 that they had gotten -- checked with HR to be sure that
 24 everything was in place, generally, the general collection
 25 manager or the -- and the immediate manager of that

Page 52

1 person. If it was a -- if it was going to be a compliance
 2 issue, a violation of compliance policies that were in
 3 place, that would be Sessions & Fishman.
 4 Q Did you ever -- while you were the vice
 5 president of the collection division, were you ever
 6 involved in the termination of a general collection
 7 manager other than Valerie Hue?
 8 A Was I ever involved in the termination of a
 9 general collection manager other than Valerie Hue; oh,
 10 let's see, I'm not sure if you call it -- yes, I was.
 11 Q Who was that?
 12 A That would be -- good lord, he was the GCM in
 13 Chicago. I'll be honest with you, I'll telling you right
 14 now here, I can't remember his name.
 15 Q Do you remember when it was?
 16 A In the year 2003, earlier 2003.
 17 Q Who was involved in the decision to terminate
 18 him?
 19 A Who was involved in the decision to terminate
 20 him; I was involved in the decision to terminate him,
 21 Michele Przepasniak. She works for HR.
 22 Q Can you spell her last name.
 23 A P-R-Z-P-O-S-N-I-A-K, Michele Przepasniak.
 24 Q Okay.
 25 A Cherie Sugg, both. They had a number of

13 (Pages 49 to 52)

Page 53

Page 55

1 different counseling sessions with him; Phil Weaver.
 2 Q What was his involvement?
 3 A As my boss.
 4 Q What did he do?
 5 A What did Phil Weaver do; we concurred
 6 together as to what action needed to happen, and we
 7 involved HR to make sure that --
 8 Q So you consulted with Phil Weaver?
 9 A Consulted with Phil Weaver.
 10 Q What did this general manager do that
 11 resulted in his termination?
 12 A What did the general manager do that resulted
 13 in his termination; I'd have to go back and look at the
 14 records exactly. There was some definite wrongdoing, his
 15 conduct with speaking to employees, the manner in which he
 16 spoke to employees.
 17 Q Was inappropriate, how he dealt with
 18 employees?
 19 A Correct.
 20 Q Can you be a little more specific as to what
 21 he did.
 22 A Can I be a little more specific; not to --
 23 it's in the records. I'm not trying to skirt it. It's
 24 just a question that I don't recall. He was written up
 25 for the manner in which he spoke to people.

Page 54

1 Q Was he too disrespectful of people? Was
 2 that --
 3 A Was he too disrespectful; yes, he was
 4 disrespectful. His tone and the use of certain language
 5 was inappropriate.
 6 Q Okay.
 7 A And the details are in his -- in his record,
 8 if I can remember his name.
 9 Q Do you recall what was done to investigate
 10 that problem?
 11 A What was done to investigate the problem;
 12 human resources conducted the complete investigation.
 13 Q Okay. Did you get involved in the
 14 investigation?
 15 A Did I get involved in the investigation;
 16 human resources, when they decided they were going to do
 17 an investigation, would conduct the investigation and give
 18 you the results.
 19 Q And then --
 20 A And so I get the results.

22 A Did I personally interview people concerning
 23 these statements; no.
 24 Q It was just the HR people that did that?
 25 A Was it just the HR people; yes.

1 Q Do you recall if -- let me put it this way:
 2 When Ted Fox became your boss, do you recall how many
 3 people were terminated between December and January 2004?
 4 A Do I recall how many people were terminated
 5 between December and January?
 6 Q Yes. After he became your boss, do you
 7 recall how many people got terminated in that time period?
 8 A Are you asking me as a result of Ted Fox
 9 becoming --
 10 Q No, not as a result. But after he became
 11 your boss, how many -- if you recall, how many people were
 12 terminated in that period, approximately?
 13 A How many people --
 14 MR. ISRAEL: One second.
 15 In collections?
 16 MR. HOMER: Yes.
 17 BY MR. HOMER:
 18 Q People that you were involved in the
 19 termination with.
 20 MR. ISRAEL: That's been asked and
 21 answered, but go ahead and tell him if you know.
 22 A For sure Matt and Valerie.
 23 BY MR. HOMER:
 24 Q Okay.
 25 A But beyond that, I can't honestly tell you

Page 56

1 exactly.
 2 Q Do you recall whether Ted Fox did any
 3 investigation into the Matt Lane issue? In other words,
 4 did he interview people about Matt Lane's -- what Matt
 5 Lane did to get fired?
 6 A Did Ted Fox interview people about Matt Lane
 7 specifically?
 8 Q Yes, if you know.
 9 A I know he interviewed people in the Dover
 10 branch, but I don't know whether he asked them specific
 11 questions about Matt Lane; I don't recall.
 12 Q He interviewed people in the Dover branch
 13 about Valerie Hue; correct?
 14 A He interviewed people in the Dover branch
 15 about Valerie Hue; I can't honestly say if he only asked
 16 them questions about Valerie Hue. He asked them questions
 17 about procedures and what was going on in the Dover
 18 branch.
 19 Q He also asked questions about Valerie Hue; do
 20 you recall that?

22 specifically, I wasn't on the phone with him when he did
 23 the interviews.
 24 Q So you don't know whether he asked questions
 25 about Valerie Hue?

14 (Pages 53 to 56)

Page 57

1 A Don't I know -- I don't know.
 2 Q Are you aware of Ted Fox getting involved in
 3 interviewing employees about any termination that took
 4 place?
 5 A Am I aware of Ted Fox interviewing employees
 6 about any termination that took place?
 7 Q Right?
 8 MR. ISRAEL: Meaning --
 9 A Where?
 10 BY MR. HOMER:
 11 Q At any time while you were in this period
 12 after December 2003.
 13 A Anywhere in the company, anywhere in the
 14 commercial division, the collection division?
 15 Q Anybody in your division.
 16 A Am I aware of any interviews that he
 17 conducted with anybody concerning terminations of -- okay,
 18 that's a pretty broad question; no.
 19 Q Could you just generally describe -- and we
 20 don't need a real lengthy description. I'll probably get
 21 into more detail later. But could you just generally
 22 describe what happened that led up to the termination of
 23 Valerie Hue. What were the major events that precipitated
 24 her being terminated?
 25 A You are asking me, what, the major events

Page 58

1 that occurred prior to Valerie Hue's termination; correct?
 2 Q Yes.
 3 A Okay. During the month of 2003 -- well,
 4 actually in 2004, January 2004, it was determined by Dina
 5 Loft in corporate that there was an inordinate amount of
 6 checks coming back in the Dover office that had not
 7 received the proper documentation concerning why they were
 8 redeposited.
 9 There was also a specific incident --
 10 Q You are getting a little beyond me right now.
 11 We will get into that, but what I am trying to get at is
 12 you've told me that Dina Loft, who was also known as Dina
 13 Shaantiel -- were you aware of that?
 14 A Yes.
 15 Q She reported that there were too many NSF
 16 checks. Would that be the right way to say it? NSF being
 17 nonsufficient funds?
 18 A Yes.
 19 Q Who did she notify of that problem?
 20 A Who did she notify of the problem?
 21 Q Yes.
 22 A She was doing research on every -- every
 23 office, okay, and she notified myself.
 24 Q Okay.
 25 A She notified Ted Fox. She notified Steve

Page 59

1 Leckerman and gave us examples so that we would have an
 2 opportunity to investigate.
 3 Q Then you did the investigation, and that led
 4 to Miss Hue's termination. Is that what happened? just in
 5 broad terms. I realize we are going to --
 6 A In broad terms, you are asking me if that's
 7 what led to her termination?
 8 Q The investigation.
 9 A The investigation of the handling of the
 10 checks?
 11 Q Yes.
 12 A That would be correct.
 13 Q I'd like to read to you from the answer that
 14 was filed in this case by NCO. This is paragraph 18 of
 15 the answer to the Complaint.
 16 It says, and this is a quote, "NCO admits to
 17 terminating Plaintiff because she committed intentional
 18 acts of wrongdoing, some of which were fraudulent in
 19 nature, but all of which violated NCO's policies."
 20 Do you agree with that statement?
 21 A Do I agree with that statement?
 22 MR. ISRAEL: Do you want to read it? It's
 23 easier to read it.
 24 THE WITNESS: Yes.
 25 ///

Page 60

1 BY MR. HOMER:
 2 Q Yes, you can read it. Let me circle it so
 3 you can find it easily.
 4 A Okay. Do I agree with that?
 5 Q Yes. Is that accurate?
 6 A Yes.
 7 Q Was the result of your investigation that you
 8 concluded Valerie Hue intentionally violated the check
 9 handling policies? Is that a fair statement?
 10 A Was it my feelings that she intentionally
 11 violated the procedures; right?
 12 Q Yes.
 13 A Yes.
 14 Q Is that why she got fired?
 15 A Is that why she got fired?
 16 Q Yes.
 17 A Yes.
 18 Q I just mentioned NSF.
 19 A Uh-huh.
 20 Q That was a term -- or those letters were used
 21 to denote checks that had been returned because there
 22 weren't sufficient funds in the bank account to cover the
 23 check; is that correct?
 24 A Yes. Insufficient funds are checks that are
 25 returned, yes.

Page 61

1 Q Are you familiar with the term redip?
2 A Am I familiar with the term redip?
3 Q Yes.
4 A Yes. It stands for redeposit.
5 Q Isn't it spelled R-E-D-I-P, or is it D-E-P?
6 Do you know?
7 A Is it spelled R-E-D-I-P or R-ED-E-P?
8 Q I've seen it both ways, but I think more
9 commonly it's --
10 A Yeah, it's spelled R-E-D-I-P. Whether that's
11 correct or not, it's just an abbreviation.
12 Q When you say redeposit, is that term applied
13 when a check is -- had been returned NSF and then you
14 submit it back for payment again? Is that what a redip
15 is?
16 A When a check is returned for nonsufficient
17 funds and it's submitted for redeposit, is that what you
18 are asking me?
19 MR. ISRAEL: Yes.
20 BY MR. HOMER:
21 Q Yes.
22 A Yes.
23 Q So it applies to NSF checks?
24 A Would it apply to NSF checks; yes.
25 Q Did NCO have any policies regarding what you

Page 62

1 had to do to redip an NSF check? I'm talking about
2 December of 2003?
3 A Are you asking me if we had policies in
4 what --
5 Q Yes. Generally, what would you have to do,
6 if there was a policy in order to redip an NSF check in
7 December 2003?
8 A What was the -- the policy that was in effect
9 during December 2003 in order to redip a check?
10 Q Yes. And I'd like you to focus on
11 verification, if you would. I know there were some --
12 A Okay.
13 Q There are various things that got done when
14 you redip. But what was the policy, if there was one, in
15 December 2003 regarding verification?
16 A What was the policy concerning verification;
17 right?
18 Q Of a redip NSF check.
19 A Okay, of a redeposited check, there was to be
20 a call to the bank to verify whether or not there was

22 also be asked of the bank if there was a stop payment on
23 the item. We would have the item number. All of these
24 notes concerning that call must be recorded in the record,
25 as all notes in anything that went on with any account

Page 63

1 were to be notated in the record.
2 Q When you say in the record, are you talking
3 about --
4 A In the record; in the file, the collector's
5 notes, regardless of who did the verification process or
6 who worked an account, whether it was a manager, whether
7 it was me, whether it was a collector, whoever, anything
8 that went on on any account, the record -- the
9 documentation had to be in the notes.
10 Q In the year 2003, those notes were electronic
11 notes? Where were they kept?
12 A They were kept in the file, in the actual
13 debtor record.
14 Q Was that a hard copy file, or was that an
15 electronic file, or both?
16 A Was that a hard copy or electronic file?
17 MR. ISRAEL: Talking about computers.
18 A Yeah, we are talking about computers, so it's
19 part of the record. It's there permanently.
20 BY MR. HOMER:
21 Q But when you are talking about the collector
22 noting -- keeping these notes in the file, you are saying
23 that they kept them in a file drawer or --
24 A No; no; no.
25 Q -- or put them in a computer, or where did

Page 64

1 they go physically?
2 A You are asking if they kept it in a file
3 drawer or in the computer; no. They were part of the
4 permanent record of the debtor information. All the
5 information -- all accounts were worked in the computer.
6 Q Okay.
7 A So all notes are in the computer.
8 Q Okay.
9 A Any time you touch an account, you took any
10 action on an account, made any calls to anywhere, whoever
11 you were, you were to document the record.
12 Q Okay.
13 A The permanent record with regard to that
14 collection file.
15 Q You've talked about what you had to do
16 regarding bank verification.
17 A Uh-huh.
18 Q Was there any other verification required to
19 redip an NSF check?
20 A Any other bank verification required to

22 Q No, I didn't say bank verification. Any
23 other verification --

24 A Any other verification that needed to be done
25 in order to redeposit a check.

16 (Pages 61 to 64)

Page 65

1 Q An NSF check.
 2 A An NSF check; if you were not able to obtain
 3 the information from the bank, your job, as the collector,
 4 manager, and/or admin that was responsible for doing this
 5 was — well, if the bank could not be verified — let's
 6 put it this way: If the bank information could not be
 7 verified at all, then that information was given to the
 8 general collection manager.
 9 Q All right.
 10 A This — I cannot verify this check; the bank
 11 won't give me information; I don't have sufficient
 12 information; it's not good; there's a stop payment,
 13 there's a whatever, that information was to be given to
 14 the general collection manager and the producer.
 15 Q The producer is the collector?
 16 A The collector, right.
 17 Q Okay.
 18 A At that point — do you want to —
 19 Q No. Go ahead.
 20 A At that point in time, it was the
 21 responsibility of the collection manager, or GCM, and/or
 22 producer to get in touch with the debtor and to find out
 23 what the source of funds were to make a determination as
 24 to whether or not the check was going to be made good.
 25 Q So if you couldn't get bank verification, you

Page 66

1 had to get debtor verification. Is that a simpler way of
 2 saying it?
 3 A Correct.
 4 Q If you did get bank verification, did you
 5 have to also get debtor verification?
 6 A If you received bank information that the
 7 funds were there, you would have to get debtor cooperation
 8 to redeposit the check. If you were not going to take the
 9 original instrument and redeposit it, okay — if you were
 10 going to create a different instrument, a check fax, if
 11 you were going to recreate that again, you would get
 12 permission from the debtor. That's always been our
 13 policy.
 14 Q So you have bank verification, but you want
 15 to recreate the check. By that, you mean electronically
 16 create a check?
 17 A Uh-huh.
 18 Q You would have to get the debtor's permission
 19 to do that?
 20 A That's correct.
 21 Q What if it were not a re-creation
 22 electronically? What if there was a paper check that you
 23 just wanted to resubmit? Would you have to contact the
 24 debtor to do that if the bank had verified it?
 25 A If the bank had verified — you are asking me

Page 67

1 if the bank had verified and everything was fine did they
 2 have to contact the debtor, and it was a paper item that
 3 was going to go to the bank again, the original item, did
 4 they need to get the debtor's permission; no.
 5 MR. ISRAEL: Before you ask your next
 6 question, do you mind if we take a short break?
 7 MR. HOMER: If you don't mind, I just have
 8 a couple more. I'm almost done with this topic.
 9 I'll try to be quick.
 10 BY MR. HOMER:
 11 Q I just have one or two more.
 12 A All right.
 13 Q Well, let's just take the break now. I'm not
 14 cruel.
 15 (A brief recess was had.)
 16 BY MR. HOMER:
 17 Q We were talking about what you had to do to
 18 verify a NSF check. And the next question I have for you
 19 is: Was it acceptable to do debtor verification without
 20 trying to do bank verification?
 21 A Was it acceptable to do debtor verification
 22 without doing bank —
 23 Q Without attempting to do bank verification.
 24 A No.
 25 Q Okay.

Page 68

1 A No, if you had the bank information, you
 2 should always talk to the bank first, especially to
 3 determine if there's a stop payment on the item, in
 4 addition to verifying funds.
 5 Q When the debtor called the — I'm sorry, when
 6 the collector called the debtor to verify funds, what
 7 information did the collector have to obtain from the
 8 debtor?
 9 A What information did the collector have to
 10 obtain from the debtor; would this be an instance where we
 11 already attempted to verify funds at the bank?
 12 Q Yes.
 13 A Okay.
 14 Q You already tried to verify on —
 15 A Okay.
 16 Q — an NSF check.
 17 A Correct. We would call the debtor and find
 18 out — look, as of today, your check for \$1,000 does not
 19 verify at the bank; it's already been returned once.
 20 Q Or you might tell them that, the bank
 21 wouldn't tell us. That happened quite a lot; right?
 22 A Yes, that could happen; that would happen.
 23 Q So you called the debtor and said, it hasn't
 24 verified. Then what else would you tell them?
 25 A You're asking if we called the debtor and let

17 (Pages 65 to 68)

Page 69

Page 71

1 him know whether or not the check had verified; yes,
2 that's correct. We would call him and let him know that,
3 your check has not verified, or it came back nonsufficient
4 funds; your bank will not give us information as to
5 whether or not the funds are there. And then usually the
6 debtor would say, Well, I the funds are there; I just made
7 a deposit today. Okay, one question you might want to ask
8 as a collector, Can you conference me in to your bank
9 officer so that we can confirm together that the funds
10 have not cleared.

11 Q Was that required, that you conference in the
12 bank?

13 A Was it required that we conference in the
14 bank; no, it wasn't required. But during many weekly
15 conference calls that we had with our GCMs and when I was
16 in the branches having my meetings with the collectors,
17 which I said, Here's another way for you to get around the
18 fact that banks won't verify funds for you. If the
19 debtor's words are good --

20 Q Because they will talk to the debtor --

21 A That's right.

22 Q -- when they wouldn't talk to you?

23 A Exactly. You can get them on the phone and
24 do a three-way, and you can hear that the funds are good.
25 And then that information -- if you were the producer --

1 absolutely certain that this information was in the file.

2 Q Okay. I understand that would be helpful if
3 you had it.

4 A Uh-huh.

5 Q But what I'm really trying to get at is what
6 was required by the policy. And I think you are telling
7 me it wasn't required, that you should have the debtor
8 produce a deposit slip.

9 A You are asking me if it was required that the
10 debtor produce a deposit slip; no, it was not required.
11 It was strongly suggested, particularly if you are dealing
12 with -- and this is ongoing training, weekly conversations
13 with collection managers, if you have a individual who has
14 a history of -- a particular producer who has a history of
15 collecting bad checks, then it's your responsibility to
16 make sure they're verified.

17 Q When the collector contacted the debtor and
18 got authorization or verification that the funds were
19 good, he would put a note in the computer system
20 indicating that that had happened; correct?

21 A You are asking me if when he called and
22 verified, he was to put a note in the system; yes, he was
23 to put a note in the system to be part of the permanent
24 record, who he called, where he called.

25 Q And what was said?

Page 70

Page 72

1 if you were the producer, then that information would be
2 documented in the -- if you were obtaining all this
3 information, then all these notes should be in the record,
4 who you called at the bank, what the phone number is, what
5 they said.

6 Q Would it be acceptable to call a debtor when
7 you are doing this verification and say, you don't have --
8 the bank wouldn't verify that the money is there; have you
9 put money in the bank. A debtor says, yes, it's a good
10 check now; you can collect it. Then you put notes into
11 the file, and then you can redip the check; is that
12 accurate? Would that be acceptable to do that?

13 A If the -- you are asking me if the collector
14 picked up the phone and called the debtor and the debtor
15 said, I just made a deposit today, but it isn't reflecting
16 on my bank account but you can go ahead and redeposit the
17 check, depending on the circumstances of it. You can
18 always ask the debtor for -- and we discuss this in
19 training also with GCMs and collectors, about get a copy
20 of the deposit slip.

22 the deposit slip?

23 A It was not required, but if you, as a general
24 collection manager, were permitting this redeposit to
25 occur, then it was ultimately your responsibility to be

1 A And what was said, absolutely.

2 Q Would he be required to have the debtor
3 indicate what the sources of the funds would be? In other
4 words, would he have to say to the debtor, I know you've
5 told me the check is good, but I want to know what you did
6 to make the check good; for example, did you sell a lot of
7 cars this month to make it good? Was he required to do
8 that, or could he just take the word that the check was
9 good?

10 A Would he be required to find out what the
11 source of funds -- you know, what allowed him to have the
12 money in the bank; you are asking me that question?

13 Q Yes.

14 A Well, I would say that he needed to confirm
15 whether or not the money was in the bank that day. We
16 just talked to your bank; your bank says you don't have
17 sufficient funds. What happened today for you to have
18 sufficient funds. Or here's another question: Your bank
19 doesn't confirm that you have sufficient funds; well, I
20 have overdraft protection.

22 answered my question.

23 If the debtor -- does this policy -- the NCO
24 verification policy, was the debtor -- and would there be
25 notes in the computer reflecting whenever the debtor got

18 (Pages 69 to 72)

Page 105	Page 107
<p>1 A Did they change?</p> <p>2 Q Yes.</p> <p>3 MR. ISRAEL: It's been asked and answered.</p> <p>4 A No.</p> <p>5 BY MR. HOMER:</p> <p>6 Q They were always the same?</p> <p>7 A They were -- it's always been that way, since</p> <p>8 I came to work here in 1994.</p> <p>9 Q So those --</p> <p>10 A -- Pretty much so, yes.</p> <p>11 Q So those requirements that you mentioned,</p> <p>12 that you've told me about with respect to resubmission of</p> <p>13 NSF checks, have always been in place since 1994 at NCO,</p> <p>14 from the time you were there in 1994 to the time you left</p> <p>15 in 2004?</p> <p>16 A Collector, yeah; right.</p> <p>17 Q How were the general collection managers</p> <p>18 notified about the policy? How did they become aware of</p> <p>19 it?</p> <p>20 A How did they become aware of the policy?</p> <p>21 Q Yes. When I refer to policy --</p> <p>22 A Okay.</p> <p>23 Q -- I'm talking about the requirements that</p> <p>24 NCO had for redipping a check. You understand that?</p> <p>25 A Yes.</p>	<p>1 seen many, many, many different written statements</p> <p>2 concerning the handling of bad checks.</p> <p>3 BY MR. HOMER:</p> <p>4 Q Well, I assume that you wanted the collectors</p> <p>5 to follow the policy; correct?</p> <p>6 A Yes.</p> <p>7 Q Why wouldn't you want to put it in writing so</p> <p>8 it was clear to them what the policy is regarding --</p> <p>9 A Why wouldn't I? I wouldn't --</p> <p>10 MR. ISRAEL: Stop; stop.</p> <p>11 THE WITNESS: Go ahead.</p> <p>12 MR. ISRAEL: Assumes facts not in evidence.</p> <p>13 I think it's argumentative also.</p> <p>14 But go ahead and answer.</p> <p>15 A Why wouldn't I want it in writing?</p> <p>16 BY MR. HOMER:</p> <p>17 Q Why wouldn't NCO want the policy to be in</p> <p>18 writing so it was clear -- let's assume the policy is not</p> <p>19 writing. And I can tell you that we have interrogatory</p> <p>20 answers saying that the policy is not in writing.</p> <p>21 Why would NCO not want to put the policy in</p> <p>22 writing so that the collectors would know what to follow</p> <p>23 and also could be held accountable for it?</p> <p>24 A Why wouldn't NCO want it to be in writing; I</p> <p>25 didn't know that NCO didn't want it in writing. I don't</p>
Page 106	Page 108
<p>1 Q How did general collection managers become</p> <p>2 aware of the policy?</p> <p>3 A Number one, we had ongoing training with GCMs</p> <p>4 whenever I would be in the office, okay, weekly conference</p> <p>5 calls with them concerning procedures, weekly.</p> <p>6 Q Did anybody ever think to put it in writing,</p> <p>7 that policy? They did all this training --</p> <p>8 A Did anybody ever think to put it in writing,</p> <p>9 concerning this policy?</p> <p>10 Q You had all these weekly training sessions.</p> <p>11 Did anybody ever say, hey, why don't we write this down so</p> <p>12 people can see it in black and white and we can hold them</p> <p>13 accountable to it?</p> <p>14 MR. ISRAEL: Objection; argumentative.</p> <p>15 A I don't know. Did anybody -- I can't answer.</p> <p>16 I don't know. I'm sure they did, but --</p> <p>17 BY MR. HOMER:</p> <p>18 Q You're sure --</p> <p>19 A -- we had enough -- I'm sure they thought</p> <p>20 about it.</p> <p>21 MR. ISRAEL: Do you even know whether it</p> <p>22 was written or not?</p> <p>23 A I don't know whether -- I'll be honest with</p> <p>24 you, I don't know if it was written or not. If I'm not --</p> <p>25 I cannot attest to it because I -- over the years, I've</p>	<p>1 think it was an intention on anybody's part. We did</p> <p>2 enough discussions concerning training, ongoing weekly</p> <p>3 conference calls. We brought it up all the time. We</p> <p>4 talked about checks all the time.</p> <p>5 Q Do you agree with me that if it were in</p> <p>6 writing, nobody could dispute what the policy is, and the</p> <p>7 collectors could held more accountable to the policy?</p> <p>8 A Would I agree with you --</p> <p>9 MR. ISRAEL: One second.</p> <p>10 Objection; argumentative.</p> <p>11 Go ahead and answer.</p> <p>12 A Would I agree with you?</p> <p>13 BY MR. HOMER:</p> <p>14 Q Yes.</p> <p>15 A No.</p> <p>16 Q You wouldn't have the ability to hold the</p> <p>17 collector to the policy, better ability to do it if it</p> <p>18 were in writing, rather than just oral?</p> <p>19 MR. ISRAEL: Objection; asked and answered.</p> <p>20 A Just would I agree? I can't answer that.</p> <p>21 BY MR. HOMER:</p> <p>22 Q Okay.</p> <p>23 A I can't answer that; I don't know.</p> <p>24 Q Was there a point in time when checks that</p> <p>25 had been returned NSF were automatically redipped?</p>

Page 109	Page 111
<p>1 A Was there a time when checks were 2 automatically redeposited; correct. 3 Q There was a time? 4 A Correct. 5 Q When was that? 6 A When was that time? 7 Q Yes. 8 A That time was when Horsham took over our 9 accounting functions. 10 Q Who explained that to you? 11 A Who explained that to me; it was explained by 12 Bette Capaldo. 13 Q When did she explain it? 14 A I'm trying to remember. She explained it 15 directly to Phil Weaver, and we provided the information 16 directly to all our GCMs. When we converted to the facts 17 system; I have to say 2003, early 2003. 18 Q When did you first learn about that policy? 19 A When did I first learn about that policy; 20 early 2003. 21 Q When that policy was in effect, there wasn't 22 any verification required at all, right, the checks just 23 got redeposited, the NSF checks? 24 A When that policy was -- when that was going 25 on, there was no policy. Is that what you are asking me?</p>	<p>1 BY MR. HOMER: 2 Q Can you tell me what the importance of this 3 redip policy was. Why did you have the policy? 4 A What was the importance of the redip policy; 5 the importance of the redeposit policy was to make certain 6 that we were putting on good solid revenue for our 7 clients; so the collectors would be paid accurately, based 8 on numbers that were good; so that general collection 9 managers who were earning bonuses would be paid correctly; 10 so there was no falsification of records. 11 Q Okay. 12 A So the debtors weren't -- you know, debtors 13 are charged for redeposits of nonsufficient funds, checks. 14 Q Can you tell me what a postdated check is? 15 A Can I tell you what a postdated check is; a 16 postdated check is a check that is written for a specific 17 date in the future. It's for an amount of money agreed 18 upon with the debtor. 19 Q Why do you use a postdated check? 20 A Why do we use a postdated check; if, indeed, 21 the debtor says he's going to pay the money and he's not 22 going to have the funds until the 20th of the month, 23 that's fine. I can only explain that to my client, if you 24 are willing to sit down today and write out a check dated 25 for that specific date.</p>
Page 110	Page 112
<p>1 There was no -- 2 Q Well, I'm saying there wasn't any 3 verification. An NSF check would come in, and then it 4 would be automatically redipped with the bank, without 5 anybody trying to verify if the check was good or calling 6 the debtor or doing anything else to verify the funds? 7 A That's correct. 8 Q Was that fraudulent to do that? 9 A Was it fraudulent to do that? 10 Q Yes. 11 A It's not my place to determine. It was a 12 standard accounting practice in the -- in the retail 13 division. 14 Q So it wasn't fraudulent? 15 A It wasn't fraudulent, not to my knowledge, 16 no. 17 Q Even though when the check was redipped, 18 nobody knew whether it was going to be good or not? 19 MR. ISRAEL: That's been asked and 20 answered. 22 not the same question. 23 MR. ISRAEL: I think it is. 24 But go ahead and answer. 25 A I think it is too but -- no.</p>	<p>1 Q Okay. 2 A I would then fax a copy of that check to my 3 client showing them why we are not proceeding with the 4 collection. 5 Q So let's say on January 1, the debtor tells 6 you they don't have the funds now, but on January 20th, 7 they will, and it will be in the bank. So he gives you a 8 check dated January 20th on January 1. 9 A Right. 10 Q Before that check is submitted, does NCO 11 policy require that anything be done to verify that he 12 actually did make the funds good? 13 A Does NCO policy require that anything be done 14 to verify postdated checks; is that what you are asking? 15 Q Yes. 16 A Or on that particular item? 17 Q Right. 18 A We had a procedure in place that we would 19 start verifying postdated checks usually three to four 20 days before end of month. 22 verifying redipped NSF checks? 23 A Was it the same policy? 24 Q Same procedure. 25 A It was similar, yes, very similar.</p>

28 (Pages 109 to 112)

Exhibit H

David McQuisten

Page 1

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

VALERIE HUE,)	
)	
Plaintiff,)	
)	
v.)	
)	Civil Action No.
NCO FINANCIAL SYSTEMS, INC.,)	05-225-KAJ
a Delaware corporation,)	
trading as NCO FINANCIAL)	
COMMERCIAL SERVICES,)	
)	
Defendant.)	

Telephone Deposition of DAVID MC QUISTEN taken pursuant to notice at the law offices of Parkowski, Guerke & Swayze, P.A., 116 West Water Street, Dover, Delaware, beginning at 2:00 p.m. on Thursday, March 23, 2006, before Robert Wayne Wilcox, Jr., Registered Professional Reporter and Notary Public.

APPEARANCES:

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ALSO PRESENT: LENNY CICCARONE, NCO

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David McQuisten

Page 10

1 BY MR. HOMER:

2 Q. Well, let me back up a minute.

3 You said that the check handling policy
4 for resubmission of NSF checks required verification
5 before the check was resubmitted. Do I have that right?

6 A. Yes.

7 Q. My next question is: What was the requirement
8 for verification? What did you have to do to satisfy the
9 verification requirement?

10 A. I confirm from the check writer that it's
11 good. I confirm from the bank that the funds are
12 available.

13 Q. Okay. Do you have to do both in order to
14 satisfy the verification requirement or do you have to do
15 one of those?

16 A. Either or.

17 Q. Okay. Is it satisfactory to just call the
18 debtor and get him to say the check is good, or do you
19 have to first try with the bank before you contact the
20 debtor?

21 A. Well, I contact the debtor first.

22 Q. Okay. The verification practice, has this
23 also been in effect since you can remember going back to
24 2001?

Page 11

1 A. Yeah. I believe so.

2 Q. Okay. Was it in effect in the Dover office in
3 the year 2003 when you were there?

4 A. Correct.

5 Q. Okay. How did you learn about this policy
6 that requires verification before you resubmit an NSF
7 check for payment?

8 A. Morning stand-up meetings.

9 Q. Okay. Could you elaborate a little bit on
10 that?

11 A. In the morning we would have a meeting.

12 Q. Who is "we"?

13 A. The collectors. The collections department.

14 Q. Okay. It was at one of those meetings that
15 you learned about the verification policy?

16 A. Correct.

17 Q. Okay. When you contacted the debtor for
18 purposes of verification, was there anything specifically
19 he was supposed to tell you in terms of satisfying the
20 verification requirement?

21 A. Why the call was necessary in the first place,
22 why the funds were not there and are they there now.

23 Q. Okay. If he told you they were there now,
24 then you would have satisfied the verification

Page 12

1 requirement?

2 A. Correct.

3 Q. Do you recall whether there were any forms
4 utilized in the Dover office when you were there that
5 related to this contact that you had with the debtor to
6 verify the funds?

7 A. Yes. There were.

8 Q. Can you tell me what they were?

9 A. It was a form requesting a resubmission of the
10 nonsufficient fund check.

11 Q. Okay. What kind of information was on the
12 form?

13 A. Did I verify the funds were available and who
14 I verified it with, the bank phone number. And it was
15 submitted to management.

16 Q. Okay. Management would be the -- who would it
17 be?

18 A. That could be either one of the two managers
19 in the collections department. One of the collection
20 managers.

21 Q. Okay. In the Dover, Delaware office, who was
22 that?

23 A. Well, there's several different managers.
24 You want them all?

Page 13

1 Q. Well, just the ones you might have given these
2 forms to after you contacted the debtor.

3 A. Val Hue, Kim Marlow, Eric Shaw. I can't
4 remember some of the other names.

5 Q. Okay. Do you know what they did with the
6 forms after you submitted them?

7 A. No, I do not.

8 Q. Did you have to request approval for
9 resubmitting a check for deposit that was an NSF check?

10 A. Correct.

11 Q. Was the approval given by one of those
12 managers that you just mentioned?

13 A. Correct.

14 Q. Did they require the form be filled out before
15 they would approve it?

16 MS. FITE: Object to form.

17 THE WITNESS: Do I answer this one?

18 MS. FITE: Yes. Go ahead and answer.

19 THE WITNESS: You're asking again,
20 please. Rephrase that.

21 BY MR. HOMER:

22 Q. You've indicated you filled out this form,
23 that one of the managers would get the form. You've
24 indicated that you had to have the manager's approval

4 (Pages 10 to 13)

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David McQuisten

Page 46

1 Q. Okay. Were you disciplined more than one
2 time, if you recall?
3 A. Maybe. I can't remember. I'm sorry.
4 Q. Okay. Mr. McQuisten, can you tell me what
5 your earnings were from NCO in the year 2003?
6 MS. FITE: Object to form.
7 A. How much I made?
8 Q. Yes. From NCO. Just a ballpark figure. I
9 know you probably don't remember the exact amount.
10 A. I don't know. \$40,000, 50-. I don't know.
11 30-.
12 Q. You don't have a good recollection, I guess.
13 A. 2003? Not off the top of my head, no.
14 Q. Okay. Do you know what you earned in the year
15 2005?
16 A. Yeah.
17 Q. How much was that?
18 A. Gosh, that seems like kind of a private and
19 personal question.
20 Q. Well, I'll assure you that I'm not going to be
21 telling people about this, but it is a relevant fact in
22 the case.
23 MS. FITE: I'd like to note in the
24 record that I have a continuing objection to this line of

Page 47

1 questioning.
2 MR. HOMER: I understand.
3 A. So you want me to answer the question how much
4 I made in 2005?
5 Q. Yes.
6 A. 65,000. 64,000, maybe.
7 Q. Okay. My last question, Mr. McQuisten: Have
8 you ever been convicted of a crime?
9 A. DWI.
10 Q. Anything else?
11 A. Motor vehicle violations.
12 Q. Anything else?
13 A. No. I don't believe so.
14 Q. Any crime that would involve honesty?
15 A. Nope.
16 MR. HOMER: Okay. I don't have any
17 other questions.
18 BY MS. FITE:
19 Q. Mr. McQuisten, I'm going to ask you just a
20 couple of questions.
21 Earlier when you were asked whether
22 Ms. Hue had done anything improper, you answered
23 "integrity." Then Mr. Homer went back and asked you to
24 answer it in a yes or no form. What did you mean when

Page 48

1 you answered "integrity"? Is that what you said:
2 Integrity?
3 (The witness provided an unintelligible
4 response.)
5 THE REPORTER: I'm sorry. I didn't hear
6 that answer.
7 THE WITNESS: I haven't answered.
8 MR. HOMER: Well, you said something.
9 We couldn't hear it.
10 MS. FITE: I asked if that was what he
11 said -- "integrity." And he said yes.
12 THE WITNESS: You want to know what I
13 meant by that?
14 MS. FITE: Yes.
15 THE WITNESS: I was asked to do
16 something that I thought was a violation of my integrity.
17 BY MR. FITE:
18 Q. What was that?
19 A. I was informed -- let's put it this way --
20 that something was going to happen that I considered a
21 violation of integrity.
22 Q. I'm asking you what that something was.
23 A. That was to -- well, I informed Ms. Hue, my
24 manager, that a check had to be pulled. We have to pull

Page 49

1 this check. The money is not available. And I --
2 because I was called by the writer of the check advising
3 me that the funds did not come in. Hold that check for
4 another week. And when I filled out a form to hold the
5 check, I was told nothing is being held. They're
6 running. You just have to make it up next month.
7 Q. Ms. Hue told you that nothing is being held?
8 A. Correct.
9 Q. Your understanding of nothing is being held
10 means that everything that's on is going to run
11 regardless of whether or not the funds are verified?
12 A. Well, yeah. Let's -- let me refer to
13 everything. We're talking one check. I want to pull the
14 check. The check is not getting pulled. The check is
15 running.
16 Q. Do you remember her saying that nothing was
17 being pulled?
18 A. Yeah, yeah. Whether it was the exact word
19 "nothing" -- but, yeah, that's what it was.
20 Q. Is it your understanding that that is a
21 violation of NCO's policy?
22 A. Absolutely.
23 Q. Did Ms. Hue ask you at that point whether you
24 were just trying to sandbag?

13 (Pages 46 to 49)

Corbett & Wilcox

3ab43509-a3d4-4210-bc2b-e75945053e35

Exhibit I

NCO FINANCIAL SYSTEMS, INC.

EMPLOYEE HANDBOOK ACKNOWLEDGMENT

I acknowledge by my signature that I have received the NCO Financial Systems, Inc. Employee Policy Manual.

I also acknowledge that it is my responsibility to read and ask questions if I do not understand, and to observe and follow the policies and procedures in this handbook. I understand that the policies and employee benefit programs stated in this handbook are guidelines only and are subject to change at the sole discretion of NCO and from time to time, I may receive updated information concerning changes in policy and benefits.

I also understand and acknowledge that this handbook is not a contract, express or implied, guaranteeing employment for any specific duration. Likewise I have the right to terminate my employment at any time and the company may terminate my employment at any time, for any reason and with or without cause or notice.

The policies set forth herein are adopted as policy to take effect immediately (except the PTO Policy) and to supersede all policies previously adopted, whether written or verbal.

Name:

Valerie Hue

Social Security:

221-56-1357

Date:

Please print

12/14/99

Location:

Dover

Employee's
Signature

Valerie Hue

Please note this handbook is the property of NCO Financial Systems, Inc. and is required to be returned prior to an employee leaving the company.

001671

NCO FINANCIAL SYSTEMS, INC.

EMPLOYEE HANDBOOK ACKNOWLEDGMENT

I acknowledge by my signature that I have received the NCO Financial Systems, Inc. Employee Policy Manual.

I also acknowledge that it is my responsibility to read and ask questions if I do not understand, and to observe and follow the policies and procedures in this handbook. I understand that the policies and employee benefit programs stated in this handbook are guidelines only and are subject to change at the sole discretion of NCO and from time to time, I may receive updated information concerning changes in policy and benefits.

I also understand and acknowledge that this handbook is not a contract, express or implied, guaranteeing employment for any specific duration. Likewise I have the right to terminate my employment at any time and the company may terminate my employment at any time, for any reason and with or without cause or notice.

The policies set forth herein are adopted as policy to take effect immediately (except the PTO Policy) and to supersede all policies previously adopted, whether written or verbal.

Name: Valerie Hue
Please print
Date: 4/16/01
Employee's Val Hue
Signature

Social Security: 221-56-1357
Location: Dover

Please note this handbook is the property of NCO Financial Systems, Inc. and is required to be returned prior to an employee leaving the company.

- 001684

Exhibit J

+3227351835

MILLIKEN & MICHAELS

654 P02 OCT 11 '21 15:00



Job Discussion Summary

== PLEASE PRINT OR TYPE ==

LAST NAME Savage	FIRST NAME William	SOCIAL SECURITY NUMBER 222-32-4088
LOCATION (CITY, STATE) Dover, Delaware	ACQUISITION NAME October 11, 2001	

Nature of Discussion (check one):

Verbal Warning

Written Warning

Final Warning

☒ Termination

Topic of Discussion (check one):

Attendance

Performance

☒ Violation of Co Policy - Harassment & Unprofessional Conduct/Workplace Behavior

Written Summary (use separate sheet if necessary, include dates, times, who, what, when, why, etc.):

Management was recently informed of your offensive and harassing behavior in the workplace relating to sexist remarks, racism, and offensive comments to employees. As a member of NCO Management, you are required to promote a positive work environment, free from discrimination and harassment. NCO policy clearly states that physical violence, threats, intimidation or harassment of another associate including but not limited to racial harassment will result in immediate dismissal. A fact-finding was conducted and found these allegations to be true. There are several witnesses to your unprofessional conduct.

Consistent feedback is that your management style is witnessed as unprofessional conduct to include but not limited to use of offensive language and/or behavior that causes disruption in the work setting. This type of behavior has created an offensive environment that constitutes racial and sexual harassment in the workplace. The behaviors you display question your ability to adequately perform the tasks assigned to you, and will not be tolerated.

Action To Be Taken (results of discussion, follow up, dates of follow up, etc.):

Due to the violation of NCO's EEO and Harassment and Unprofessional Conduct policies, your employment is terminated effective immediately.

Employee Comments:

Employee Signature (Your signature does not indicate Agreement, only receipt of discussion.)

Manager/Supervisor Signature/Date

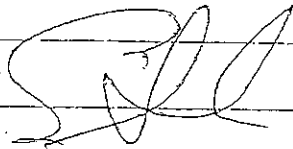
Copy - Human Resources

000189

EmpRelatJobDiscussionSummaryForm.doc dated 3/00

Exhibit K

A MONTH OR SO AGO MY MANAGER RIC BOUDREAU WAS IN MY OFFICE GOING OVER A FILE WITH ME. MR BILL SAVAGE INTERRUPTED OUR MEETING BY WALKING IN AND STATING TO MR BOUDREAU "WHATS THAT NIGGER DOING THERE POINTING TO THE SMALL BALANCE COLLECTION DEPARTMENT", AT THAT POINT MR SAVAGE AND MR. BOUDREAU LEFT MY OFFICE.



ERIC SHAW

10-15-01

**NCO Financial
Systems, Inc**

Memo

To: Ted Fox
From: Valerie Hue
CC: Ric Boudreau
Date: 10/15/01
Re: Comments of Bill Savage

I have been asked to document comments made to me by Bill Savage. The following are only some of the comments made.

I have been the only African American female large balance collector/manager the Dover branch has had. Over my tenure with Milliken & Michael's/ NCO Financial System, Inc Bill has made numerous comments.

While completing a sit-with, Mr. Savage yells to me to come here. When I reached his location he states, " Tell Her to wake her fat ass up". He was referring to Audrey Williams, apparently she was sleep in her office. 24 hrs later she resigned. I told Mr. Savage he can't say those things and his response was and I quote "fuck her"

At the award ceremony he yells at the receptionist. "Don't you thing he is fucking busy." He was referring to a call from Phil Weaver and Ted Fox to Mike Scher.

At the receptionist counter he stated he loved black pussy in context to a conversation to my mixed heritage

I was wearing a tee shirt that has Dollar bills printed on it. He comments "Val walking around with fucking money on her tits"

I was walking around the corner and ran into him. He put his arms around me and said nice tits. I told him to get his hands off of me.

At a large balance meeting he made a comment to one of the collectors to stop being a wet pussy and put their numbers on the board.

There are many other comments that Bill has made over the years. To make a complaint against Mr. Savage would only result in me loosing my job.

000191

TO: Ted Fox
From: Ric Boudreau

RE: Bill Savage

The following is events are for the record:

Incident 1. In mid September 2001, I was reviewing a collection account in Eric Shaw's office when Mr. Savage came in. He said to me in a "Matter of Fact" voice, "Do you think that that "N>>" (Audrey Williams) can stay on the phone" and collect some fee? I responded to him that she was on the phone and collecting fee and that his commentary about her lineage was uncalled for. I escorted him out of the collectors office and away from the collection floor.

Incident 2. Early in the following week, Mr. Savage came up to me in the hall and asked if I was "casting for a Tarzan movie". My small balance manager Brian Waystack had been interviewing a few African American collectors that day and was noticeably taken back by the comment.

WITNESS TO INCIDENT #2

Brian M. Waystack

Exhibit L

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

VALERIE HUE,
Plaintiff,

v.

NCO FINANCIAL SYSTEMS, INC., a
Delaware corporation, trading as
NCO FINANCIAL COMMERCIAL SERVICES,
Defendant.

)
)
)
) C.A. No.
) 05-225-KAJ
)
)
)

Telephone deposition of **RICHARD BOUDREAU**,
taken before Cheryl A. Anthony, Court Reporter, in the
law offices of Parkowski, Guerke & Swayze, 116 West
Water Street, Dover, Delaware, on Tuesday, March 28,
2006, beginning at 12:05 p.m.

APPEARANCES:

PARKOWSKI, GUERKE & SWAYZE
BY: JEREMY W. HOMER, ESQUIRE
116 West Water Street
Dover, Delaware 19901
Attorney for Plaintiff.

SESSIONS, FISHMAN & NATHAN
BY: DAVID ISRAEL, ESQUIRE
3850 North Causeway Boulevard
Lakeway Two, Suite 1240
Metairie, Louisiana 70002-1752
and ELIZABETH FITE, ESQUIRE
15316 North Florida Avenue
Suite 100
Tampa, Florida 33613
Attorneys for Defendant.

ALSO PRESENT:

MS. VALERIE HUE

ORIGINAL RETAINED BY JEREMY W. HOMER, ESQUIRE

ANTHONY REPORTING
PO Box 234
Dover, Delaware 19903
(302) 674-8884.

1 divided up that responsibility.

2 Q. Do you recall approximately when you first
3 met Ted Fox or was aware that he worked for NCO?

4 A. The only time I ever ran across Ted was on a
5 sales collection sales conference that I went to
6 Metairie on. I understand Ted had been -- and I never
7 met him once. I understand that he had spent time at
8 the Dover Branch during the time that I was there. But
9 I had little or no contact. My understanding was that
10 he was on some sort of fast tracking deal and kind of
11 came through the company and moved up the ranks.

12 I had little or no contact with him, because
13 even when I heard about him down and taking over
14 responsibilities in Metairie, they said: Oh, he had
15 been here for a year. Well, it was totally a shock to
16 me. I really had not known of him whatsoever, other
17 than meeting him when I went to Metairie for general
18 managers' meetings. That's when I ran across him.

19 Q. Okay. I think you already said you had
20 dinner at least once with Valerie Hue. Did you ever
21 have dinner with Bill Savage?

22 A. The only time I have had dinner with Bill --
23 Well, I shouldn't say the only time. The times I had
24 with Bill Savage was when he was recruiting me, and then

1 his wife and my wife went out to dinner at that time. I
2 have been to his house at New Year's Eve with 25 other
3 people, that type of a situation.

4 And often managers would go to
5 lunch/breakfast meetings with Bill. He would come into
6 town, you know, on a Saturday morning, and we were
7 obligated to sort of meet him for breakfast at the Blue
8 Hen Restaurant. And our morning meetings were held
9 there. When we would have lunch, they would be over
10 at, I guess, the Sheraton, that big hotel. I don't
11 remember the place anymore. But that is where we would
12 go for lunch, me and three other managers, sales
13 managers, collection managers, that type of thing. And
14 we would have business lunches in that scenario.

15 Q. Do you recall whether Ted Fox was at any of
16 those lunches or dinners?

17 A. No. I don't recall it. Ted Fox was never
18 at any of those meetings.

19 Q. Okay. Did you ever play golf with Bill
20 Savage?

21 A. The only time I ever go near those -- I know
22 this is a -- no.

23 Q. Okay. How about pool? Did you ever play
24 pool with him?

1 A. No, no, never played pool with him. And
2 then business stuff, as far as I know, Savage would
3 leave the state and most of the country to go golfing in
4 some God forsaken place, because it had the name that
5 the US Open was there. My only opinion about golfing is
6 the Three Stooges, play golf with your friends type of
7 thing. And a good golf course is a field, as far as I
8 am concerned, so no golf.

9 Q. You sound kind of bitter about golf. Have
10 you ever had a bad golf experience? You can strike that
11 question.

12 A. In my days prior, at Textron, I was
13 responsible for golf course financing. So the only time
14 I ever ran across a golf course was because their
15 clubhouse was in foreclosure or their irrigation system
16 needed to be ripped out. So I never gained a whole lot
17 of affinity for golf.

18 Q. Okay. Do you have any knowledge of whether
19 or not Mr. Savage and Mr. Fox might have socialized
20 together outside the office?

21 A. Because I had no contact and didn't even
22 know Ted Fox was in Dover during that time that he was
23 there, I couldn't even begin to tell you that there was
24 any contact there. And once Ted was gone, he was in

1 because he is just that doggedness. But my
2 understanding about the whole Valerie thing, you know,
3 Valerie often commented about how Bill and her were
4 cousins. You know, they had this relationship that
5 suggested that, you know, in the South people were
6 related somehow or another. So their half joke was that
7 they were cousins.

8 After that, I never perceived anything out
9 of the ordinary. I never heard anything being said out
10 of the -- off color. I certainly never, you know, had a
11 conversation where someone came back and said: He said
12 this to me and I can't believe it. And I need to cry.
13 I'm going to report it.

14 I never heard anything like that. There was
15 nothing ever reported to me about that. I would have
16 done something about it, as I did with this one.

17 MR. HOMER: Okay. I don't have any other
18 questions.

19 BY MR. ISRAEL:

20 Q. Rick, this is Dave Israel.

21 A. Yes, sir.

22 Q. Can you hear me okay?

23 A. Yes, I can.

24 Q. Do you remember, after your conversations

1 with Phil Weaver and Ted Fox, what, if anything, they
2 asked you to do? Let me go back. Remember you were
3 just describing a conversation with Weaver and Fox
4 relating to inappropriate comments by Bill Savage?

5 A. Yes.

6 Q. Do you remember what, if anything, they
7 asked you to do?

8 A. Write it down, start making times and dates
9 and things of that nature. They wanted to be able to
10 have it detailed, I mean who was there, who was present,
11 and could I detail it out?

12 I mean actually, now that you say that, my
13 recollection was that for like two hours after that, I
14 spent memo writing and jotting down notes so that I
15 could keep track of all of this, in the midst of also
16 trying to run a branch. That is what I was asked to do,
17 I believe.

18 Q. You are aware that immediately after that
19 conversation or some short time after that conversation,
20 Savage was fired?

21 A. Yes. I had left for a week. And when I
22 came back, lo and behold, it was done. I mean I had
23 already scheduled a vacation type of thing. And when I
24 came back, I was informed that that had happened.

1 Q. How long were you in the office from when
2 your conversation occurred with Savage and Fox until you
3 left the business? And I'm going to represent --

4 A. Do you mean Weaver and Fox?

5 Q. Yes. I'm sorry. And I'm going to represent
6 to you that I understand your conversation with them was
7 during October 2001.

8 MR. HOMER: I will object to that. You
9 might as well testify for him.

10 THE WITNESS: In April of 2002, I was gone.

11 BY MR. ISRAEL:

12 Q. So a year later?

13 A. Well, four months.

14 Q. Oh, I'm sorry. In April of 2002?

15 A. I left.

16 Q. Did you ever see Ted Fox take any
17 retaliatory measures of any kind, after Savage was
18 fired, against Valerie Hue?

19 A. Negative. I never heard from Ted. Again,
20 other than Phil, I've never had conversation one with
21 Ted regarding that. Val, as far as I knew, was a
22 selection that they approved. They liked her. They
23 thought she was intelligent. She thought she was
24 assertive. They thought she was cunning. They thought

1 She was the person that we heard from
2 regularly. She was the person that even came to Dover a
3 couple of different times so that we could have our
4 hands-on conferences. We went to lunch with her so
5 that, you know, it was a smooth transition from what I
6 was doing in my scenario to what she wanted, as the new
7 player, to do with Kathy or I mean with Valerie.

8 You know, everything was positive and moving
9 forward so that, you know, I could get in the game plan
10 and train somebody so that she can move into your
11 position. And that is what we were doing.

12 Q. You made a reference that Valerie Hue
13 described that she and Bill Savage were cousins.

14 A. Yes.

15 Q. What was that about?

16 A. It would just be that. The reference, I
17 guess, is to the fact that they are both Southerners,
18 and they -- you know, you can have blacks and whites in
19 the same families, because of, you know, just the nature
20 of the social relationships. And that was sort of half
21 the giggle, you know, that they would use. You know, we
22 are not a black and white deal. Well, we are cousins.
23 That would be the half comments that had been made.

24 It's not like it was thrown out every time

1 you turned around, but that was -- when asked about any
2 comments that were made in overtones of a sexual nature,
3 no, I never heard that.

4 Did I hear of a relationship between Valerie
5 and Savage? And that is the relationship. That is what
6 I had heard. That is what Valerie used to use. She
7 used to say: We are cousins.

8 Q. Got it. Mr. Boudreau --

9 A. Yes, sir.

10 Q. -- did you ever see Mr. Savage treat Ms. Hue
11 in any inappropriate or discriminatory manner?

12 A. Say again?

13 Q. Did you ever see Mr. Savage treat Ms. Hue in
14 an inappropriate or a discriminatory manner?

15 A. Negative.

16 Q. If I understood your testimony, Hue never
17 complained to you that Savage treated her badly or in a
18 discriminatory manner?

19 A. Right, right.

20 MR. HOMER: He didn't say that. If you want
21 to ask all of these leading questions, feel free.

22 BY MR. ISRAEL:

23 Q. Did Ms. Hue ever complain to you about
24 anybody discriminating against her when you worked with

1 her?

2 A. No, no. Valerie would never have let
3 anybody do that.

4 Q. What do you mean by that?

5 A. Valerie, as I indicated earlier, is an
6 intelligent, smart, assertive personality. That is what
7 her strengths as a manager were. That is what her
8 strengths as a collector were. And to suggest that
9 somebody on a personal nature would make a comment that
10 Valerie would not turn around and not only defend
11 herself, but rightly put that person in their place, you
12 know, simply suggests that no one is going to try to do
13 that.

14 And they would have to run some mayungo up
15 to a big dog and try to smack it in the face, because
16 you will like get your arm ripped off.

17 Valerie has the kind of personality that you
18 treated that woman with respect and she wouldn't take
19 anything but respect. And that is the strength that I
20 saw. I knew a woman walking into an all collector, all
21 majority male collector scenario, she was a tough woman
22 to work with. And she would command her respect, and
23 that's the way it would go. That is why she was a
24 perfect selection candidate.

1 Q. When you worked with Ms. Hue, did you ever
2 discuss with her or train her relating to check
3 validation procedures?

4 A. Yes.

5 Q. Were you permitted to run NSF checks or
6 redep them without validating them?

7 A. No.

8 Q. Why not?

9 A. For many reasons; first off, it is policy.
10 The second reason is that we are trained not to hang
11 paper. The branches are unable to make projections
12 based on numbers going up, going down. And clients are
13 not being paid in those same scenarios. So we would
14 have client relations we were concerned about,
15 bookkeeping concerns we were concerned about, and paying
16 collectors for monies that they are not entitled to. So
17 dropping checks without validation is just a foolish
18 move. It is in our training sessions. It was in our
19 action plans as managers to monitor those things.

20 Q. Did you ever train Valerie Hue to violate
21 those policies?

22 A. Negative.

23 Q. Did you see anyone train Valerie Hue to
24 violate those policies?

Exhibit M

Tex Fox

Page 1

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF DELAWARE

VALERIE HUE,)	
)	
Plaintiff,)	
)	
v.)	
)	Civil Action No.
NCO FINANCIAL SYSTEMS, INC.,)	05-225-KAJ
a Delaware corporation,)	
trading as NCO FINANCIAL)	
COMMERCIAL SERVICES,)	
)	
Defendant.)	

Telephone Deposition of TEX FOX taken pursuant to notice at the law offices of Parkowski, Guerke & Swayze, P.A., 116 West Water Street, Dover, Delaware, beginning at 2:30 p.m. on Monday, March 13, 2006, before Robert Wayne Wilcox, Jr., Registered Professional Reporter and Notary Public.

APPEARANCES:

JEREMY W. HOMER, ESQ.
PARKOWSKI, GUERKE & SWAYZE, P.A.
116 West Water Street
Dover, Delaware 19903
for the Plaintiff,

CORBETT & WILCOX
Registered Professional Reporters
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(302) 571-0510
www.corbettreporting.com

Corbett & Wilcox

544afc8b-2727-4477-97ce-2f37ff6e4c2e

Tex Fox

Page 10	Page 12
<p>1 A. Michael Barrist.</p> <p>2 Q. B-a-r-i-s-t?</p> <p>3 A. B-a-r-r-i-s-t, correct.</p> <p>4 Q. Okay. When you became the head of the</p> <p>5 commercial division in December 2003 -- or the vice</p> <p>6 president of the commercial division, what was your title</p> <p>7 at that time? Or did you already tell me? I don't think</p> <p>8 you did.</p> <p>9 A. I was a senior vice president of sales. The</p> <p>10 day they promoted me they made me the senior vice</p> <p>11 president of the commercial division.</p> <p>12 Q. Okay. How many people worked under you at</p> <p>13 that time?</p> <p>14 A. When I took over the division, I believe we</p> <p>15 had 605 or 600 -- somewhere in that neighborhood. We're</p> <p>16 forever changing the size of our staff.</p> <p>17 Q. Okay.</p> <p>18 A. Currently, it's 600.</p> <p>19 Q. Can you tell me approximately how many</p> <p>20 employees there were company-wide at that time?</p> <p>21 MR. ISRAEL: You're asking for NCO</p> <p>22 Financial?</p> <p>23 MR. HOMER: Yes. The entity that's the</p> <p>24 defendant in this case.</p>	<p>1 who reported directly to me was the branch managers and</p> <p>2 the vice president of operations.</p> <p>3 Q. Okay. But you had responsibilities for both</p> <p>4 sales and collections at that point?</p> <p>5 A. Correct.</p> <p>6 Q. Okay. That was when you had 600 people under</p> <p>7 you approximately?</p> <p>8 A. Correct.</p> <p>9 Q. Okay. Did your responsibilities when you</p> <p>10 became senior vice president of commercial division</p> <p>11 include responsibilities related to human resource</p> <p>12 issues? I'm going to refer to human resource hereafter</p> <p>13 as HR.</p> <p>14 A. I would have to say I didn't have</p> <p>15 responsibility for HR mainly because we have an HR</p> <p>16 department, but what I did have responsibility to was</p> <p>17 that if something was deemed to be in violation of any</p> <p>18 type of company policy, rules or laws that I would have</p> <p>19 the HR department -- notify the involvement of those.</p> <p>20 So, basically, I would be reporting to our HR department.</p> <p>21 Q. Okay. The HR department served more that just</p> <p>22 the commercial division. Would that be correct?</p> <p>23 A. That would be correct.</p> <p>24 Q. What other components of NCO did the HR</p>
Page 11	Page 13
<p>1 A. I would really be speculating, Jerry. I think</p> <p>2 the company at that time had 15,000 employees.</p> <p>3 Q. Okay. What were your responsibilities as the</p> <p>4 senior vice president of sales?</p> <p>5 A. My responsibilities were to manage the</p> <p>6 complete operations of our sales departments, manage</p> <p>7 their success, their budgets, their hirings, their</p> <p>8 firings. Anything that was related to sales fell under</p> <p>9 my control there, which meant every branch manager</p> <p>10 reported directly to me.</p> <p>11 Q. Okay. Did you have any supervisory</p> <p>12 responsibility over the commercial collection division</p> <p>13 while you were senior vice president of sales?</p> <p>14 A. None.</p> <p>15 Q. What were your responsibilities once you</p> <p>16 became a senior vice president of the commercial</p> <p>17 division?</p> <p>18 A. What rolled up under me when I became a head</p> <p>19 of the division was the operation side of the business</p> <p>20 which was controlled by the vice president of operations</p> <p>21 at the time, which was Kathy Obenshain.</p> <p>22 Q. Okay. Did you have the sales and the</p> <p>23 collection divisions under you at that time?</p> <p>24 A. Yeah. I had the branch managers. Basically</p>	<p>1 department serve other than the collection division?</p> <p>2 A. HR --</p> <p>3 MR. ISRAEL: You mean other than the</p> <p>4 commercial division?</p> <p>5 MR. HOMER: Yeah. Other than the</p> <p>6 commercial division.</p> <p>7 THE WITNESS: You have the consumer</p> <p>8 division. You have the portfolio management division.</p> <p>9 You got the E-Payment division. The have the PAC credit</p> <p>10 reporting division. You would have --</p> <p>11 MR. HOMER: You might want to slow down</p> <p>12 a little bit because the court reporter has to try to get</p> <p>13 all this down.</p> <p>14 THE WITNESS: I apologize.</p> <p>15 BY MR. HOMER:</p> <p>16 Q. Did you say PAC?</p> <p>17 A. PAC is -- basically, it's outside of the</p> <p>18 collections. They resell credit bureaus.</p> <p>19 Q. Okay.</p> <p>20 A. It's a type of mortgage lender.</p> <p>21 Q. Now, are all these different entities part of</p> <p>22 NCO Financial Systems, Inc., or are they part of some</p> <p>23 other entity?</p> <p>24 A. They all make up what is known as NCO Group.</p>

4 (Pages 10 to 13)

Corbett & Wilcox

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Tex Fox

Page 14

1 Q. Okay.
 2 A. E-Payments is outside of NCO Financial
 3 Systems, Inc.
 4 Q. You need to speak up.
 5 A. I'm sorry. I was just clarifying that
 6 E-Payments is part of NCO Financial Systems. It's part
 7 of NCO Group. And Portfolio Management is not part of
 8 Financial Systems. It's part of NCO Group.
 9 Q. All these entities are serviced by the same HR
 10 department. Is that true?
 11 A. True.
 12 Q. Okay. Would the employees in these different
 13 entities share a 401 (k) plan, have the same benefits and
 14 so forth, or are all there distinctions among the
 15 different entities for those types of programs?
 16 A. Again, Jerry, I think I'd be speculating if I
 17 told you I knew exactly what benefits were offered to
 18 each division. I do know in commercial every employee is
 19 offered the same package of what benefits are available
 20 to them. I really truly don't know -- I believe that
 21 it's the same package for all the other divisions, but I
 22 can't really tell you that for sure.
 23 Q. Okay. You know who Bill Savage is. Correct?
 24 A. I do know who Bill Savage is.

Page 15

1 Q. When did you first become acquainted with him,
 2 assuming you did become acquainted with him?
 3 A. I was hired by Lou Molitiere, who was at the
 4 time the person who was heading up the sales and
 5 marketing for Milliken & Michaels. When Lou --
 6 MR. ISRAEL: Go slow.
 7 THE WITNESS: I'm sorry.
 8 When Lou hired me to work for the
 9 organization as an executive recruit, I was living in the
 10 Northern Virginia area. And they decided they did not
 11 want me to do my training down in Louisiana. It would
 12 make more sense to do it in the closest geographic
 13 branch, which was Dover.
 14 So the first time that I ever met Bill
 15 Savage was after I was offered the job. Lou had asked me
 16 to take a ride over to Dover to meet Bill Savage, to take
 17 a look at the branch and see if that was something I'd be
 18 comfortable to do. So that was back somewhere in the
 19 fall of 1997.
 20 BY MR. HOMER:
 21 Q. Okay. Is Molitor spelled M-o-l-i-t-o-r?
 22 A. I don't recall.
 23 Q. Okay.
 24 A. I would have to take a guess at it.

Page 16

1 Q. When you went to work in the Dover branch, I
 2 think you said you did that for about three and a half
 3 months. Is that right?
 4 A. Yeah. It was three and a half -- a little
 5 over -- maybe a couple days over three and a half
 6 months.
 7 Q. Okay. Who did you report to when you worked
 8 there?
 9 A. I reported to Lou Molitiere.
 10 Q. Did he work --
 11 A. I'm sorry. I reported to Lou Molitiere, but
 12 when I was in Dover, my first direct manager on a daily
 13 basis was Mike Gibson.
 14 Q. Okay. Who ran the office? Who was the branch
 15 manager at that time?
 16 A. The branch manager was Bill Savage.
 17 Q. Okay. Other than that three-and-a-half-month
 18 period that you worked at the Dover office, was there any
 19 other time where you and Bill Savage were located in the
 20 same geographical location?
 21 A. No.
 22 Q. Okay. Can you describe for me what types of
 23 things you interacted with Bill Savage on at the time
 24 that you worked in the Dover office?

Page 17

1 A. I interacted with Bill on coordination of some
 2 expense reports I had, in coordination with following
 3 my -- I'll call it a contract I had with Lou Molitiere
 4 that at the end of three months I was to move from the
 5 primary department to the CFD department.
 6 Q. To the what department?
 7 A. The CFD department. It was essentially their
 8 customer service department.
 9 Q. Okay.
 10 A. That was my interaction with Bill.
 11 Q. Okay. How many people were in the Dover
 12 office? How many employees did they have during that
 13 time you were there?
 14 A. At that time? Fifty.
 15 Q. Okay. Would you see Bill Savage every day
 16 that you went to work? I realize there were days that
 17 you may have been on vacation or he may have been sick.
 18 But in the normal course of things, if you were both
 19 working, would you normally see each other every day?
 20 A. Yes. It was Bill's practice to walk the
 21 floor. Any day he was in the branch, he would walk not
 22 only the sales floor but the collection floor to make his
 23 presence known.
 24 Q. Okay. Incidentally, I forgot to tell you

5 (Pages 14 to 17)

Tex Fox

Page 18

1 this, but just I want to put on the record: You
2 understand that even though we're doing this by telephone
3 it doesn't change the fact that you really can't talk to
4 the attorney during any kind of sidebar conversations
5 with your attorney or get other communication from him by
6 way of written notes or gestures or anything like that?

7 A. I understand.

8 Q. Okay. Was Mr. Savage involved in any way in
9 you receiving any promotion?

10 A. No. My contract was written very specific
11 that I was to move from primary to CFD on the first day
12 of the fourth month. It was written that I was supposed
13 to move on the first day of the seventh month into
14 management. We never got that far into the deal because
15 they had terminated their relationship with the branch
16 manager of the credit services division down here in
17 Metairie, Louisiana.

18 Q. Okay.

19 A. And Lou Molitiere and Tray Cefalu were the
20 only ones involved in that promotion.

21 Q. Okay. Can we get a spelling for that name you
22 just gave as Tray --

23 A. C-e-f-a-l-u.

24 Q. Was Mr. Savage ever involved in instructing

Page 19

1 you as to how to do your job?

2 A. All of my sales and management meetings were
3 held by Mike Gibson. The only involvement I had with
4 Bill Savage was whenever he would hold a branch meeting
5 or an awards meeting. I would -- if I had to explain it,
6 it was more or less a secret that I was an executive
7 recruit in the branch. So anytime that I needed to get
8 something from corporate, which is where Lou and Tray
9 Cefalu were located, I would have to do that through Bill
10 Savage. So there was an occasion where I would have to
11 go to his office and have him call Lou or get something
12 to Lou or to Tray for me during that three-month period.
13 And that goes back to the expense reports, my corporate
14 housing. I had a lot of questions, especially in the
15 early months when they were putting that together.

16 Q. Okay. Were you ever involved in any way in
17 Mr. Savage receiving a promotion?

18 A. For as long as I knew Bill, he was a branch
19 manager. Never anything more. We did move him from
20 Dover to the Boone location. And then when we reduced
21 the size of the Boone location, we moved him back to
22 Dover.

23 Q. Okay.

24 A. But he never got a promotion. He got moved.

Page 20

1 Q. Okay. Did you at any time socialize with
2 Mr. Savage outside the office?

3 A. You know, I've been thinking about this for a
4 while because, obviously, we're going back several years.
5 Bill is an avid golfer. And I am trying to recall -- and
6 I can't recall if I ever did golf with him one time. I
7 know that he had invited me on several occasions. And if
8 I had, it would have been one time, mainly because my
9 free time -- I did still live in Virginia when I had the
10 Dover office. I did not stay in Dover on any weekends.
11 So I really -- Jerry, I can't recall. And if I had, it
12 would have been one time. And it would have been with
13 other people from that office.

14 Q. Would this jar your recollection? Did you
15 ever make a trip to Hilton Head to golf where Savage was
16 present?

17 A. No. Never.

18 Q. Okay. To get back to the question I asked
19 before, you mentioned the possibility that you golfed
20 with him. Were there any other times that you socialized
21 with Bill Savage outside the office? For example, did
22 you go out to dinner with him or engage in any other
23 contact with him outside the office?

24 A. When he was the Boone manager, I did often do

Page 21

1 branch visits. When I do a branch visit, I take the
2 managers out to dinner. I did have dinner with him and
3 Cliff Scales back when -- this was one visit prior to us
4 reducing the branch. So, again, this was back somewhere
5 in the late 1990s.

6 Q. Okay. Anything other than the dinner where
7 you would have had contact with Bill Savage outside the
8 office? I understand there's a possibility that you
9 golfed with him at least one time.

10 A. No.

11 Q. Okay. Did you consider Bill Savage a friend
12 of yours while you worked with him at NCO?

13 A. No.

14 Q. Okay. Have you had any contact with him since
15 he left NCO?

16 A. I think I talked to him one time, and it was a
17 business-related issue about a crossover of clients.

18 Q. Okay.

19 A. And that was one time and one time only.

20 Q. Okay. Did you know Valerie Hue before
21 December '03?

22 A. Yeah. Valerie -- she, I believe, at the time
23 I was in Dover was a collector.

24 Q. Okay.

6 (Pages 18 to 21)

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Tex Fox

Page 22

1 A. I met Valerie when I first came to the Dover
2 office. Maybe not right away, because I was on the sales
3 side. But, yeah, I knew Valerie.

4 Q. Okay. After you left the Dover office, did
5 you retain any contact with her in connection with your
6 job?

7 A. The time that I would see Valerie would be
8 when I did a Dover branch visit. I do recall seeing
9 Valerie when we were doing CRS straining where Valerie
10 and a couple others came down here to Metairie. Really
11 that's most of -- all of the involvement I've ever had
12 with Valerie after I left Dover.

13 Q. Okay. So it would be fair to say that you had
14 very infrequent contact with her after you left the Dover
15 office?

16 A. Yeah. That would be very fair to say.

17 Q. Okay. Were you involved in any way in the
18 termination of employment of Bill Savage at NCO?

19 A. I was his direct manager, and I was involved
20 in firing Bill Savage, correct.

21 Q. Okay. Could you describe for me the process
22 that was used to terminate Bill Savage?

23 A. I'm going to do this from recollection, Jerry.
24 If I recall, we received a call, "we" being Phil Weaver,

Page 24

1 based on what we learned, our HR department, Phil Weaver
2 and myself all agreed that that was the only thing to do.
3 So it wasn't a one person -- it was a such an obvious
4 thing that he needed to go.

5 Q. Okay. So HR was involved in the decision as
6 well as you and Phil Weaver?

7 A. HR is involved in every termination.

8 Q. Okay. What was the extent of their
9 involvement? Can you describe what they did in
10 connection with it?

11 A. Again, I'm going to go from memory. I believe
12 they received the information that we gathered. I want
13 to say we did suspend Bill. We did -- I believe it
14 was -- I want to say it was Cherie Sugg over the phone.
15 And that was it. You know, they keep the documentation.
16 And I truly don't know what they do on their end with
17 that.

18 Q. Okay. Was there any attorney involved in it,
19 do you remember?

20 A. No. Truthfully, I remember us calling Bill,
21 saying, Bill, you said this. You did this. And he said
22 yeah, I did. We said, okay, you're done.

23 Q. Okay. Would it be fair to say that, given
24 what Bill Savage did, NCO had some concern about the

Page 23

1 who was then -- was then senior vice president and
2 general manager of the commercial division. We received
3 a call from the then general collection manager, Rick
4 Boudreau, about what Bill had been saying in -- or had
5 done to Val -- said or done to Valerie, if I call. We
6 then got a statement from Valerie learning what things
7 offensive that were said and done. There was no
8 hesitation. The only consideration was to terminate his
9 employment with our organization.

10 Q. Okay. You mentioned a phone conversation with
11 Boudreau. Were you on that conversation, and was Phil
12 Weaver on the conversation and Boudreau? Were those the
13 three that were on the conversation?

14 A. I recall that the conversation was in my
15 office on a speakerphone with Phil Weaver in my office.
16 And I believe Boudreau in his office in Dover.

17 Q. Okay. Have you seen a transcript of that
18 phone conversation?

19 A. I saw -- yeah, I have. Yes.

20 Q. Okay. Who was the decision-maker regarding
21 the termination of Bill Savage?

22 A. The decision-making -- I mean, it really was
23 a -- it was a no-brainer. I mean, you know, we have
24 specific things that you can do or you can't do. And

Page 25

1 legality of the situation and its possible liability if
2 it didn't fire him?

3 A. I can't speak for -- yeah. Absolutely. I
4 mean --

5 Q. Okay.

6 A. -- it was offensive.

7 It was offensive on every level.

8 Q. Okay. Your position when Bill Savage was
9 fired was vice president of sales in the collection
10 division?

11 A. At the time I was called senior vice president
12 of sales.

13 Q. Okay. Bill Savage was the branch manager and
14 reported to you at that time. Correct?

15 A. Yes. He was.

16 Q. Okay. I'd like to refer to that transcript
17 that we just talked about. I don't know if you got a
18 copy of it there or not.

19 MR. ISRAEL: Hold on a second.

20 MR. HOMER: It was Weaver Exhibit 1.

21 MR. ISRAEL: I have it.

22 BY MR. HOMER:

23 Q. Okay. If you turn to page 17 --

24 MR. ISRAEL: Hold on one moment.

7 (Pages 22 to 25)

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Tex Fox

Page 38

1 unaware of the situation going on for about a month.
 2 Kathy was -- Kathy -- when I refer to Kathy, I'm talking
 3 about Kathy Obenshain.

4 Q. Yes.

5 A. Kathy was dealing directly with Dina Loft
 6 investigating the files, really looking at -- this was
 7 across the board -- all branches. It really came out in
 8 that first month -- and, of course, this is hindsight now
 9 that I'm telling you this -- because Kathy was dealing
 10 with Dina and discovered that there was an issue in our
 11 Dover office. I -- and Kathy brought that to my
 12 attention. Because she was the vice president of
 13 operations, all collectors fell under her. Kathy went to
 14 do basically -- you know, she was the one that would
 15 promote or not promote a general collection manager. I
 16 know Kathy got along with Valerie very well. I really
 17 think in the early days of this Kathy was looking for
 18 some reason this was happening other than what we
 19 discovered in the end.

20 Q. Okay. When did you first learn about there
 21 being an audit done by the Horsham office?

22 A. I'm trying to remember. It was really right
 23 after I was promoted. It was --

24 Q. Okay.

Page 39

1 A. It was in January of '04, I know that. But I
 2 can't -- I don't know if it was the beginning or the
 3 middle of the month.

4 Q. Okay. Do you know why the audit was being
 5 done?

6 A. Yeah. Because when you have something that
 7 is, in my opinion, so against the rules, you're
 8 absolutely going to do an audit. You're going to find
 9 out if that stuff is true for a lot of reasons. This is
 10 a manager we're talking about.

11 Q. Well, did they know that something was wrong
 12 before they did the audit, or was this just a routine
 13 audit?

14 A. It was a routine audit. They didn't know what
 15 was being done.

16 Q. So the purpose of the audit wasn't to find
 17 anything specific. It was just a routine audit.

18 My question was: Why was the audit
 19 done, if you know?

20 A. If you go back in time and look at what
 21 happening out in the world, you had things like Enron.
 22 You had things like Tyco happening.

23 Q. Are you trying to guess what the reason for it
 24 was? Do you actually know why they did the audit or are

Page 40

1 you just saying it made sense to do the audit?

2 A. No. I'm telling you why they did the audit.

3 Q. Okay.

4 A. Our organization, as a company, was complying
 5 with laws and regulations that were out there. One of
 6 those -- and mainly because we do work for very large
 7 banks, like Bank One, Bank of America, Capital One. They
 8 require us to do certain things.

9 Q. Okay.

10 A. And we were already doing this practice on the
 11 consumer side.

12 Q. When did you first learn that there was a
 13 problem as a result of the audit? In other words, when
 14 did you first find out that the audit had disclosed
 15 information that signaled there was a problem?

16 A. I want to say that early part or mid part of
 17 January '04.

18 Q. Okay. How did you find it out?

19 A. I believe -- my recollection -- I got a phone
 20 call from Dina Loft. And I don't know if I called Kathy
 21 into my office or I hung up the phone and then got with
 22 Kathy. But it was somewhere in that method.

23 Q. Okay. What did you do once you found out
 24 about it?

Page 41

1 A. Well, I gave it to Kathy and said, "Kathy,
 2 this is your general collection manager. Research it.
 3 Once you find out what you find out, get back with me."

4 Q. Okay. Did you give her any specific
 5 instruction on what she should do?

6 A. No.

7 Q. Did you determine at that time you needed to
 8 be personally involved in the investigation?

9 A. At that time, no.

10 Q. Okay. Did you talk to Mike Scher about the
 11 situation when you found out about the problem from Dina
 12 Loft?

13 A. Jerry, I don't recall when I brought Mike in
 14 the loop. I might have done it right then. Or I would
 15 have done it when we made the decision about the general
 16 collection manager in that office. And she was at the
 17 time the branch manager who was going to affect him.

18 Q. Okay. What involvement did you have in the
 19 investigation?

20 A. From recollection, I did several telephone
 21 interviews with several of the collectors -- ones that I
 22 knew when I spent time in Dover.

23 Q. How long was it you started doing that after
 24 you told Kathy Obenshain to investigate it?

11 (Pages 38 to 41)

Tex Fox

Page 42

1 A. A couple days. I don't know. I really don't
2 know, Jerry.

3 Q. Okay. What prompted you to get personally
4 involved? You said you turned it over to Kathy. Why did
5 you decide you needed to be involved in it?

6 A. If I recall correctly, HR was involved as
7 well. This was the determination -- that I would do some
8 of the interviews. Kathy and Dina were working very hard
9 on the files. And HR, I want to recall, asked me to do
10 that.

11 Q. Okay. Do you recall what HR's involvement was
12 in the investigation?

13 A. I know HR was talking to our executive team.
14 They were relying on our interviews and what Kathy was
15 finding out on the files as far as documentation. They
16 were more an ear. And they helped to implement the
17 decision.

18 Q. When you say "HR," do you recall who it was in
19 HR that asked you to get involved in it?

20 A. I want to say it was Cherie Sugg.

21 Q. You're not sure?

22 A. I'm about 99 percent positive that it was
23 Cherie.

24 Q. Okay. Did she have the authority to tell you

Page 43

1 to get involved in an investigation?

2 A. Yes.

3 Q. Okay. Do you recall what documents you had at
4 the time that you started doing the investigation that
5 you personally held regarding this matter?

6 A. The only document that was created for this
7 matter would be what Dina was working off of. And I know
8 we had something from her. But our system is really the
9 place where we look for all our information. If
10 something happened on the file, it would be noted there.

11 Q. Yeah. I'm really not asking about the
12 documentation that she found. I'm just wondering what it
13 was that you got when you started your investigation.

14 Did you have a list of problems? Did
15 you have just an oral understanding of what was going on
16 or did you actually look at some documents before you
17 started interviewing people?

18 A. I looked at everything Kathy brought to me,
19 and at that time that was file reviews. Kathy was
20 really -- I really believed Kathy was looking to find
21 that there was nothing wrong there.

22 Q. Okay. I don't want to get too sidetracked.

23 Do you recall what documents she brought
24 to you?

Page 44

1 A. It wouldn't be a document. I mean, the only
2 document would be a print screen. It would be a copy of
3 what she was working with Dina on.

4 Q. Do you recall if you saw a report that listed
5 various NSF checks and collectors and indicated problems
6 in it with each check? Did you see anything like that?

7 A. Not that that -- no.

8 Q. Did you see an end-of-the-month NSF report?
9 By "NSF," I'm sure you know what I mean --

10 A. Right.

11 Q. -- the not sufficient fund report check.

12 A. Kathy had all of that. I didn't have it.

13 Q. So when you started the investigation, you
14 hadn't seen those documents. Is that right?

15 A. My role was -- you've got to remember. This
16 is about two weeks after I had taken over the division.

17 I'm really getting introduced to the collections side,
18 because I had no involvement on the collections side.

19 Kathy, as the vice president of operations, who also
20 worked on the collections side her whole career -- I was

21 very reliant on her professionalism of what was to

22 transpire on the collections side. I truly did think

23 those interviews with the collectors were very reliant on

24 what Kathy gained with what she did on her side and

Page 45

1 really respect the decision she came to and actually
2 implemented the termination of Valerie.

3 Q. Okay. I have seen in this case various
4 witness statements, and a number of them indicate they
5 talked to you. Do you recall how you selected who you
6 were going to interview regarding this matter?

7 A. If I do any type of investigation in an
8 office, I'm going to look at the most senior people
9 there, the ones that I believe are the most trusted
10 people, ones that don't have any type of history of
11 showing me that they're not an honest individual. So I
12 went to, in that office, particular people like Mark
13 Lefevre and Dave McQuisten, Kim Marlow, Eric Shaw. I
14 mean, I went to the people I saw would give me the most
15 accurate type of information. I also sampled across the
16 board several different people so that -- and I knew that
17 they weren't connected in any way so that I could -- and
18 what came out of this was a clear straight same thing.

19 Q. So --

20 A. So it was the same thing.

21 Q. So this was sort of a judgment that you used?
22 You just didn't go out and interview all the large
23 balance collectors?

24 A. I think I interviewed three of them. I can't

12 (Pages 42 to 45)

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Tex Fox

Page 46

1 recall, Jerry, how many we had in the office at the time.
2 Q. When you interviewed them, do you recall what
3 you asked them?

4 A. I'm certain -- I don't recall exactly how I
5 phrased it, but I'm certain I asked them what was their
6 interpretation of redipping, what's the DCI policy in the
7 Dover branch.

8 Q. What's the DCI policy?

9 A. Direct checks.

10 Q. Right.

11 You're aware that the case involves the
12 resubmission of NSF checks. Correct?

13 A. Correct.

14 Q. By "resubmission," I mean resubmission to the
15 bank for payment after a check was initially returned as
16 not having insufficient funds. Correct?

17 A. I'm sorry. Can you -- the last part you went
18 out on the phone.

19 Q. Okay. As I understand it, the check handling
20 policy that is involved in this case has to do with
21 redipping NSF checks. Well, let me try it from another
22 tact here.

23 A. Okay.

24 Q. When you did these interviews, did you ask

Page 48

1 Q. Well, did you think that everything they told
2 you would be in the statement when you didn't take notes?

3 A. I didn't know what was going to be in the
4 statement. It was going to be what they wanted to tell
5 me. Don't forget. At that time if I asked a question,
6 their statement could have been, no, she didn't.

7 Q. Okay. Well, some of the statements I looked
8 at are really short. You say you didn't keep notes
9 because you were going to get a statement.

10 Am I to believe that these statements
11 contained everything that was said in the conversation
12 that you had with the collectors?

13 A. No. I really believe that the heavy weight
14 came from what Kathy was doing. Kathy's recommendation
15 and Kathy's investigation to the files, to the checks,
16 that's truly what pushed it over the edge to really go
17 the way we went.

18 Q. So you didn't think the statements had much
19 importance regarding -- relatively didn't have much
20 importance to the termination decision?

21 A. The statements for me showed that there was
22 multiple people saying the same thing -- that -- in my
23 opinion, there wasn't a way that that many people would
24 be blind, if that's the right word for it. But

Page 47

1 what Valerie Hue had instructed them to do regarding the
2 implementation of check handling policies?

3 A. I might have phrased it that way. I do not
4 recall my exact words.

5 Q. Okay. Who was present when you were having
6 these interviews?

7 A. I apologize, Jerry. I don't recall if I had
8 HR on the phone or not. I think it was as simple as I
9 called them. I asked them the question. I asked them to
10 submit a statement about what they knew.

11 Q. Okay.

12 A. And once I received those statements, they
13 went to HR.

14 Q. Was Kathy Obenshain present during some of the
15 conversations?

16 A. I don't recall. I believe she was.

17 Q. Can you tell me what notes were kept that you
18 made about the conversations?

19 A. No reason for notes.

20 Q. You didn't make any notes of the conversations
21 at all?

22 A. No. Because I was requesting them to give me
23 a statement. That was going to be the documentation of
24 the call.

Page 49

1 that's -- those are just statements and opinions of those
2 people. What I really had to rely on, again, was what
3 Kathy had been investigating on the files. Because if
4 it's not documented, it didn't happen. And that's
5 where -- with the amount of checks that she had, that's
6 where the information came where Kathy had to have come
7 to -- the only decision Kathy could come to was we could
8 not keep Valerie as a general collection manager in
9 Dover.

10 Q. What did you tell the collectors who gave you
11 written statements they should do in terms of writing the
12 statements?

13 A. I didn't tell them anything.

14 Q. Well, how did they know what to put in the
15 statement?

16 A. There are certain -- I mean, when I say I
17 didn't tell them anything, I didn't direct them what to
18 put in there. I asked them a question. Give me your
19 opinion of it. And that's what they did.

20 Q. Okay. Well, when you told them to give you a
21 written statement, did you give them any direction at all
22 about what the scope of the statement should be?

23 A. I don't recall. I mean, if I say something to
24 a collector like, "Can you please give me your

13 (Pages 46 to 49)

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Tex Fox

Page 50

1 interpretation of the NSF policy for your branch?" they
 2 would write what their interpretation of the NSF policy
 3 for their branch is. If I say to a collector, "Tell me
 4 what your general collection manager teaches you about
 5 NSF check policies for your branch" -- write it down.
 6 And, then, that's what I got. Everyone in that branch
 7 knew there was an issue or a problem because at the same
 8 time we had a collector, I believe, by the name of Matt
 9 Lane that was having his own issue with what he was doing
 10 with a file and was being terminated for that.

11 Q. What did you understand the purpose of the
 12 statements was -- the written statements? Did you
 13 understand that they were going to be used to help
 14 justify the termination of Valerie Hue?

15 A. I guess.

16 Q. Okay. When you interviewed these witnesses,
 17 did you ask people to give you written statements if they
 18 didn't give any information to you that supported any
 19 wrongdoing on the part of Valerie Hue?

20 A. Can you --

21 Q. Let me ask it a different way.

22 A. Please.

23 Q. Did you get a written statement from everybody
 24 that you interviewed?

Page 51

1 A. I believe I did.

2 Q. Did you interview Ken Rose?

3 A. I don't recall.

4 Q. Well, he's testified in a deposition that you
 5 did interview him, and he didn't supply a written
 6 statement.

7 A. Okay.

8 Q. Do you recall interviewing anybody and not
 9 getting a written statement from them?

10 A. No. I just -- I don't recall talking to
 11 anybody and I don't recall not getting a written
 12 statement. I don't recall that.

13 Q. Well, do you recall that when you were doing
 14 this investigation you were looking only for negative
 15 information about Valerie Hue? In other words --

16 A. Not at all.

17 I'm just trying to give you an idea of
 18 where my mind was at the time. I had just recently taken
 19 over as, you know, the senior vice president of the
 20 division, not knowing much about the collections side
 21 other than what I have seen from a sales perspective. I
 22 did know that we had no replacement for Valerie as a
 23 general collection manager in Dover. This, in my
 24 opinion, at that time was probably one of the worst

Page 52

1 things that could have happened to that office at the
 2 time.

3 Q. Okay. Prior to you interviewing these
 4 collectors for purposes of the investigation, had you had
 5 contact with these -- apparently, you did. You said you
 6 selected the interviewees because you knew that they were
 7 responsible collectors, if I characterized that
 8 correctly. Do you base that on the fact that you knew
 9 the collectors while you were in Dover and afterwards?

10 A. I would say I represented that statement
 11 because, yes, I did know from my time in Dover but also
 12 over the years as the head of the sales department. You
 13 do have lots of interaction with collectors, and, you
 14 know, you really need to know the large balance
 15 collectors because they truly are the ones who are
 16 generating most of the revenue that I got paid off of.

17 Q. Okay. Did you visit the Dover, Delaware
 18 office in December of 2003?

19 A. I don't recall.

20 Q. Okay.

21 A. I know I visited the branch on several
 22 occasions. I don't recall the dates.

23 Q. Okay. When you visited the branch on several
 24 occasions, did any of the collectors there come to you

Page 53

1 and tell you that Valerie Hue was asking them to violate
 2 any policy?

3 A. I don't recall.

4 Q. Well, is that something you would have
 5 recalled?

6 A. If somebody violated -- if someone came to me
 7 and they had said someone was violating a policy, I would
 8 absolutely recall it.

9 Q. Okay. So the answer is, no, no collector ever
 10 told you prior to your investigation that?

11 A. The only thing that I recall was -- and I
 12 can't give this to you for exact. But Mike Scher had
 13 been sending me different things -- different files to
 14 review at the time. But it wasn't anything that raised a
 15 flag that somebody was doing something inappropriate. It
 16 was issues that are -- that, you know, I run into them
 17 today. Someone will say look at this file or look at
 18 that file. Look at this file. That's the only thing I
 19 ever had that was getting on my radar pertaining to the
 20 Dover branch.

21 Q. Okay.

22 A. And until Kathy brought it to my attention or
 23 Dina brought it to my collection did I really realize
 24 that there was potentially something really wrong going

14 (Pages 50 to 53)

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Tex Fox

Page 58

1 Q. Okay. Were any attorneys involved at this
2 point in time when the suspension was made? Up to that
3 point in time, had you had any involvement with attorneys
4 about this matter?

5 A. No. We typically do not go to our attorneys
6 until there is some type of legal issue.

7 Q. Okay.

8 A. At this point of the suspension, we're
9 truly -- you know, you've got to look at a suspension as
10 we're protecting not only the employee but we're
11 protecting the company. So at this juncture, you know,
12 we're making a decision that we can conduct the most
13 thorough and proper investigation. So there's no reason
14 for an attorney.

15 Q. Who was involved in making the decision to
16 terminate the plaintiff?

17 A. The decision was made mainly by Kathy, who
18 conferred with me, HR and the executive team. And there
19 was no other decision to be made other than to terminate
20 Valerie Hue from her position.

21 Q. Okay.

22 A. You cannot have -- and this is across the
23 board -- a manager violating the rules. You can't have
24 it.

Page 59

1 Q. You say primarily by Kathy.

2 It wasn't a joint decision?

3 A. I guess you could call it anything you want to
4 call it. It's not a joint decision on any level. The
5 rules were violated. She knew she was fired.

6 Q. Well, I know. But I'm trying to find out who
7 it was that decided it. You said you didn't remember if
8 there was a discussion about it. Do you remember whether
9 there was a joint decision to suspend her or do you not
10 remember that?

11 MR. ISRAEL: One second. You're asking
12 suspension now or termination?

13 MR. HOMER: I'm talking about suspension
14 right now.

15 MR. ISRAEL: Now we're back to
16 suspension.

17 THE WITNESS: Okay. That was confusing.
18 I thought you were on to termination.

19 MR. HOMER: Okay. I'm sorry if I said
20 that. We'll get to termination in a minute here.

21 THE WITNESS: Suspension is -- if I
22 remember correctly, that was made based on what Kathy was
23 finding out with the conversations with me and HR that
24 okay, yeah, let's get her out of there. There is

Page 60

1 something serious. Let's go do a further investigation.

2 BY MR. HOMER:

3 Q. So was it a joint decision with you and HR?

4 A. Most likely.

5 Q. Okay.

6 A. And it wouldn't be just me. Again, I had
7 Kathy highly involved because -- from the time of me just
8 taking over for two weeks.

9 Q. Okay. At that stage do you recall what
10 documents had been reviewed in conjunction with the
11 decision to suspend her?

12 A. At that point I really -- I mean, the
13 suspension was done. I went on to do what I had to do to
14 run the division. It was really all in Kathy's hands at
15 that point. Any documents that were going back and forth
16 were between Dina Loft and Kathy Obenshain.

17 Q. Okay.

18 A. The documents I had come in my direction were
19 the ones that I had requested from the collectors or the
20 collection managers of the Dover office.

21 Q. Okay. Let's talk about the termination now.

22 First of all, who was involved in the
23 decision to terminate Valerie Hue?

24 A. Everybody that I've represented so far --

Page 61

1 Kathy Obenshain, myself, HR, Steve Leckerman, Dina Loft.

2 Q. Okay. Were all those people participants in
3 making the decision, then? All of them had some say in
4 the decision?

5 A. Again, there isn't really a decision. When
6 you violate a rule that is really your main rule, the
7 decision is already made. It's not as if -- I mean, I
8 can only -- if you kill somebody, that's murder. Okay?
9 There's no decision to be made there. You're going to
10 jail.

11 Q. Well, that may be.

12 But before somebody is fired somebody
13 has to say you're fired. Correct?

14 A. Well, yeah.

15 Q. Somebody is going to have to decide that that
16 statement has got to be made. Correct?

17 A. Once Kathy made the recommendation to
18 terminate her and we saw all that we had, that was the
19 absolute decision that was made. You can call it a joint
20 decision, a Kathy decision, an HR decision -- the
21 decision that was made was executed by myself and HR.

22 Q. I don't want to call it anything. I'm just
23 asking you if you recall who it was that decided that she
24 was going to be terminated. Now, it could have been a

16 (Pages 58 to 61)

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